

BEFORE THE
ILLINOIS COMMERCE COMMISSION

Springfield, Illinois
July 17, 2001

BEFORE :

APPEARANCES :

(Appearing on behalf of Ameritech
Illinois)

(Appearing on behalf of Ameritech
Illinois)

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1 PROCEEDINGS

2 JUDGE WOODS: We'll go on the record.

3 This is Docket 00-0393, an investigation
4 into a proposed tariff detailing the high frequency
5 portion of the loop or line sharing service.

6 This case is here on rehearing, being
7 heard today, July 17, 2001, before Donald L. Woods,
8 an Administrative Law Judge, having been appointed
9 by the Illinois Commerce Commission. The cause is
10 set today for an evidentiary hearing.

11 We have a number of parties present. At
12 this time I'd take the appearances of those
13 parties, beginning with Illinois Bell Telephone.

14 MR. BINNIG: Theodore A. Livingston, Christian
15 F. Binnig, and J. Tyson Covey of the law firm of
16 Mayer, Brown & Platt, 190 South La Salle Street,
17 Chicago, Illinois 60603, appearing on behalf of
18 Ameritech Illinois.

19 MS. HERTEL: Appearing on behalf of Ameritech
20 Illinois, Nancy J. Hertel, H-E-R-T-E-L, 225 West
21 Randolph, 25D, Chicago, 60606.

22 JUDGE WOODS: We might as well just go down

1 the lined. Ms. Feinberg.

2 MS. FRANCO-FEINBERG: On behalf of Covad
3 Communications Company, Felicia Franco-Feinberg,
4 227 West Monroe, 20th Floor, Chicago, Illinois
5 60606.

6 MR. SCHIFMAN: On behalf of Sprint
7 Communications, L.P., Ken Schifman, 8140 Ward
8 Parkway, Kansas City, Missouri 64114.

9 MR. BOWEN: Appearing for Rhythms Links, Inc.,
10 Stephen P. Bowen and Anita Taff-Rice, Blumenfeld &
11 Cohen, 4 Embarcadero Center, Suite 1170, San
12 Francisco, 94111.

13 JUDGE WOODS: Mr. Townsley.

14 MR. TOWNSLEY: Appearing on behalf of
15 WorldCom, Incorporated, Darrell Townsley, 205 North
16 Michigan Avenue, 11th Floor, Chicago, Illinois
17 60601.

18 MR. DUNN: On behalf of AT&T Communications of
19 Illinois, Inc., John Dunn, 222 West Adams, Suite
20 1500, Chicago, Illinois 60606.

21 JUDGE WOODS: My understanding is there was
22 recently an appearance filed on behalf of Alcatel.

1 MS. MANN-STADT: On behalf of Alcatel USA,
2 Inc., Rendi Mann-Stadt of the firm Hinshaw &
3 Culbertson, 400 South 9th Street, Springfield
4 62701.

5 MR. SHIELLS: And on behalf of Alcatel USA,
6 Inc., Theodore F. Shiells, Gardere, Wynne & Sewell,
7 1601 Elm Street, Dallas, Texas 75201.

8 JUDGE WOODS: Okay. Any additional
9 appearances?

10 MR. HARVEY: For the Staff of the Illinois
11 Commerce Commission, Matthew L. Harvey and Sean R.
12 Brady, 160 North La Salle Street, Suite C-800,
13 Chicago, Illinois 60601-3104.

14 JUDGE WOODS: Thank you, Mr. Harvey.

15 Anyone else? Okay.

16 The record would also reflect
17 discussions had before beginning today. I've asked
18 the parties to cooperate with the office of the
19 Chief Clerk in the filing of testimony. The
20 Commission does have in place an e-Docket system
21 which allows for electronic filing of testimony.

22 We've decided to handle any revisions to

1 testimony by having the witness make those
2 revisions while on the stand. The parties have
3 then been instructed to prepare a revised version
4 of that testimony and to file it with the office of
5 the Chief Clerk via the e-Docket system. My
6 understanding is that all the parties have agreed
7 to that process.

8 We also discussed cross exhibits, and we
9 have decided that cross exhibits will be marked in
10 the customary manner and will be taken to the Chief
11 Clerk's Office in paper format.

12 In addition, we have two motions to take
13 up today, and I believe there has currently been
14 received a motion to quash a subpoena that was
15 previously issued by the Hearing Examiner. I think
16 the parties have agreed to take that up first, and
17 I believe that was filed by Ms. Mann-Stadt.

18 Ms. Mann-Stadt.

19 MS. MANN-STADT: Hearing Examiner Woods, we
20 filed on behalf of Alcatel USA a motion to quash
21 the subpoena related to the second set of data
22 requests of Rhythms Link, and we're here before you

1 pursuant to the Commission's Rule 390 to quash the
2 subpoena.

3 As you are aware, Alcatel is not a party
4 technically to this matter, but one of its
5 employees submitted testimony on behalf of
6 Ameritech, and our motion to quash is based on
7 preserving our legal rights as a nonparty.

8 We have been asked in the second set of
9 data requests questions that we believe are
10 irrelevant, immaterial, oppressive, and
11 unreasonable pursuant to the rule justifying
12 quashing.

13 Specifically, they're irrelevant to
14 anything in Niel Ransom's testimony. Mr. Ransom --
15 Dr. Ransom, excuse me, testified simply that cards
16 that were not manufactured or licensed by Alcatel
17 would not be technically feasible to work in the
18 LiteSpan system.

19 Now we have data requests before us that
20 ask where every manufacturing plant is, what's
21 manufactured in each of those. They're absolutely
22 irrelevant to any issue in Dr. Ransom's testimony.

1 There are statements about manufacturing
2 of line cards in, for example, Rhythms' witness
3 Watson's testimony, but I think it's a little
4 self-serving to state that that serves the platform
5 for a nonparty to reveal all of their business
6 decisions and anything that has to do with their
7 manufacturing. They're extremely over broad, and
8 it's nothing but harassment in our view.

9 They're also completely immaterial.
10 Many of the parties' witnesses, the CLEC witnesses,
11 have already conceded that their view of what the
12 structure should be for line cards in a cabinet is
13 that they should have the right to own the line
14 cards. They have already conceded that they are
15 not requesting to have inserted line cards which
16 are manufactured by anyone else, and they also
17 concede that they would be willing to have cards
18 inserted which are licensed by Alcatel, which by
19 itself recognizes that Alcatel already has
20 manufacturers out there that manufacture the cards
21 for LiteSpan now. This isn't a change. It's
22 nothing new, and it's, again, immaterial to the

1 issues before us.

2 Finally, it's oppressive and
3 unreasonable. They quote a statement in the
4 international press I might add that was made on
5 June 27th as the basis for one of the requests in
6 this information request. They quoted the same
7 article in testimony that was filed on July 2nd by
8 witness Watson of Rhythms.

9 The request didn't issue until July 9th.
10 Without a subpoena, where a nonparty had requested
11 a subpoena in the past to preserve their legal
12 rights, they again -- when I say they, the three
13 parties that propounded these interrogatories or
14 requests, they had already been asked to come forth
15 with a subpoena on the first set of data requests,
16 which Alcatel, although unwilling at first, once
17 there was a subpoena turned around in less than
18 five days and provided eight boxes of documents.
19 It is not an unwillingness on Alcatel's part. It's
20 simply asking that as a nonparty there be some
21 respect for the Commission's rules and that
22 untimely, quick turnaround, irrelevant and

1 immaterial requests not be allowed to go forward to
2 harass a nonparty.

3 JUDGE WOODS: Mr. Bowen.

4 MR. BOWEN: Thank you, Your Honor.

5 Let me say just briefly, without
6 belaboring the point, I think at least some of us
7 in the room now have been familiar with Alcatel's
8 previous behavior in the case, including the first
9 set of discovery that we asked on them that Your
10 Honor had to compel responses on, but let me just
11 say that Ms. Mann-Stadt actually takes completely
12 out of context the request that we're making .

13 The proper context is that Alcatel
14 either with cooperation or not of Ameritech has
15 been attempting to hide behind their so-called
16 nonparty status to avoid legitimate discovery since
17 the start of this case while still having their
18 cake and eating it too, meaning having Dr. Ransom
19 testify in two rounds of testimony and then trying
20 to resist discovery that's legitimate when the
21 proper scope is considered, so the nonparty rights
22 argument, frankly, is irrelevant.

1 If there is material that's legitimate
2 to the issues in the case, and there is, that
3 should be produced by Alcatel simply because, as
4 you'll recall, when we asked questions of
5 Ameritech, they simply refused to answer the
6 questions claiming that Alcatel's third-party
7 proprietary rights of the documents precluded that
8 production. That was the genesis of the data
9 requests number 1 and number 2 on Alcatel. We
10 actually attempted to do what's been done in every
11 case I've ever done before this Commission and
12 others which is to ask the ILEC for information
13 which they deem proprietary whether it's their
14 information or the third party's information. So
15 the nonparty argument holds no water.

16 Second of all, the correct scope of the
17 so-called Alcatel issues in this case is not
18 limited to Dr. Ransom's testimony. In fact, it is
19 Ameritech that is put in issue and in controversy
20 claims about what this platform can and cannot do,
21 and they've done that through the testimony of Ross
22 Ireland, of Chris Boyer, of James Keown, and

1 others, and so we're entitled to examine through
2 whatever means we can, including production of
3 actual Alcatel documents, the basis for the claims
4 advanced by all the witnesses who ground their
5 testimony on claims about the Alcatel LiteSpan
6 platform, and what better source for that
7 information, since Ameritech refuses outright, than
8 Alcatel itself, and, in fact, Alcatel, after quite
9 a bit of resistance, and as Your Honor may have
10 been aware, having heard from the chief ALJ,
11 Alcatel did produce documents.

12 Just for the record, I think we all know
13 that about half those documents were a 5,000 page
14 printout of a four-year old LiteSpan standards
15 manual which was clearly superseded and should have
16 been noticed by counsel for Alcatel upon
17 production, and we had to go through further rounds
18 of discussions with Your Honor and with Alcatel's
19 counsel to get anything close to a current version.
20 That, of course, is important because the version
21 we were produced has nothing whatsoever to do with
22 any of the issues in the case because it predates

1 any deployment of any platform that could support
2 DSL or Project Pronto, so we've got 5,000 pages of
3 dead trees for no purpose. We finally got the
4 CD-ROM that actually is the current version quite
5 recently, as a matter of fact, in fact, the day
6 before our witness was required to file
7 supplemental testimony.

8 So production in this case has been
9 extremely difficult. The phrase like pulling teeth
10 occurs to me. So the discovery we were asking for
11 we have a right to get. The production has been
12 very slow, and so the proper scope of the
13 examination of relevancy is not Dr. Ransom's
14 testimony. It's the entire suite of witnesses, the
15 Ameritech witnesses and Dr. Ransom, who rely on
16 Alcatel's platform capabilities for their
17 testimony.

18 Further, Ms. Mann-Stadt overstates the
19 scope of the questions. I mean we all can read.
20 We didn't ask for all factories. We asked for the
21 factories that make the plug-in cards for the
22 LiteSpan platform because, of course, that's an

1 issue in the case, and we asked for the factories
2 that make the LiteSpan equipment because, of
3 course, the equipment itself is an issue in the
4 case. So I don't understand the overly broad claim
5 because we didn't ask for all over 100 I guess that
6 is factories that Alcatel has worldwide. We were
7 focused on the issues in the case.

8 We also, unlike or in contrast to what
9 Ms. Mann-Stadt represented, we do not concede that
10 cards not made by Alcatel can't be placed in the
11 LiteSpan DLCs. In fact, it is to look at that very
12 issue that we're asking this discovery. Ross
13 Ireland, the Chief Technology Officer of SBC
14 itself, makes that claim; that is, that you cannot
15 put anything besides Alcatel manufactured cards in
16 the LiteSpan. That, of course, is not correct.
17 The fact is that Alcatel currently licenses a
18 number of manufacturers, and we will bring out
19 proof that they have not disclosed about other
20 manufacturers that are licensed to provide these
21 cards.

22 The testimony -- or I'm sorry -- the

1 discovery about Alcatel's plans to exit the
2 fabrication market, which Dr. Ransom, in fact, does
3 address in his rebuttal, but I guess we can't ask
4 beyond the scope of what he chooses to say there,
5 the truth of the matter is that Alcatel, according
6 to the announcements made by their chief executive
7 officer and published in the European Wall Street
8 Journal, Le Monde, show that they are getting out
9 of the fabrication business. So I think we're
10 entitled to inquire whether that -- I'm sorry --
11 all but twelve, all but twelve plants. I think
12 we're entitled to inquire whether the twelve
13 remaining plants does or doesn't include the
14 LiteSpan plants, whether the platform or the cards.

15 JUDGE WOODS: What does that go to?

16 MR. BOWEN: That goes to whether or not it is
17 -- Alcatel has to manufacture these cards or not.
18 That is the president, the CEO of Alcatel said we
19 will keep the factories for those functions that
20 are essential. So I think we're entitled to
21 inquire whether or not, in fact, these cards are so
22 hard to manufacture that only Alcatel can do it or

1 instead whether they actually are going to
2 outsource this manufacturing, manufacturing
3 function, and license everybody to build those
4 cards and get out of that business entirely.

5 JUDGE WOODS: My recollection of their
6 position is that only the Alcatel cards or cards
7 manufactured under a license granted by Alcatel
8 will fit.

9 MR. BINNIG: That's correct, Your Honor.

10 MS. MANN-STADT: That's correct, Your Honor.

11 MR. SHIELLS: Yes, Your Honor.

12 MR. BOWEN: That is one of their witnesses'
13 contentions. We have sworn testimony or soon to be
14 sworn testimony by Ross Ireland saying only Alcatel
15 manufactured cards can be placed in that LiteSpan
16 DLC. That is not -- and I intend to cross him on
17 that, but I think we should be allowed to find out
18 who makes them now and where they're made and what
19 the plans are for the future.

20 JUDGE WOODS: Okay. Let's skip to the next
21 one. What I'm going to do is I'm going to withhold
22 ruling on that particular request until we hear

1 from Mr. Ireland. If that's his testimony, then I
2 think this becomes relevant. If that's not his
3 testimony, then I think which plants are going to
4 remain open and which plants are going to be closed
5 is irrelevant, so we'll see what he says.

6 MR. BOWEN: Okay.

7 MR. BINNIG: Your Honor, I want to make a
8 brief statement. I'm not going to go into merits
9 arguments on relevance and materiality. I'd like
10 to do that at some point if I need to, but I just
11 want to respond to the discovery here and the
12 characterization of what Ameritech Illinois has
13 produced and not produced.

14 Ameritech Illinois has produced all
15 requested documents within its possession,
16 including requested documents that Ameritech
17 Illinois had in its possession that were Alcatel
18 documents. What Ameritech Illinois could not
19 produce were documents not in its possession,
20 custody, and control, and that was the reason why
21 we recommended a subpoena be issued on Alcatel if
22 they wanted documents that Alcatel had custody and

1 control over that we did not, but we have in our
2 production produced Alcatel documents within our
3 possession, custody, and control.

4 MR. BOWEN: Well, Your Honor, that simply is
5 not true on its face.

6 MR. BINNIG: It is true.

7 MR. BOWEN: Ameritech and all SBC ILECs are
8 licensees of the LiteSpan platform. They refused
9 to produce the LiteSpan standard practices guide
10 which came on CD-ROM, and they have thousands of --
11 or hundreds of copies of that throughout Ameritech.
12 They refused on grounds that they couldn't do it
13 because even though they had it, it was somebody's
14 else's intellectual property and they could not
15 produce it, so Mr. Binnig is not correct, and there
16 are other documents besides that one document.
17 There are a lot of Alcatel documents that they
18 undoubtedly have because they're distributed to
19 licensees.

20 MR. SCHIFMAN: Your Honor, Ken Schifman for
21 Sprint. I just want to raise one additional matter
22 with respect to request 3.

1 Request 3 asks --

2 JUDGE WOODS: Wait a minute. We haven't got
3 there yet.

4 MR. SCHIFMAN: Oh. You're not going -- okay.
5 You just wanted to talk about the first two.

6 JUDGE WOODS: Yeah. We'll get there.

7 So number 1 I'm going to withhold
8 pending what we get out of Mr. Ireland on his
9 direct.

10 Number 2 --

11 MS. MANN-STADT: Are you ready, Your Honor, or
12 -- I'm sorry.

13 JUDGE WOODS: Well, I've read your arguments.

14 Mr. Bowen.

15 MR. BOWEN: Well, number 2, we're simply
16 seeking to see whether or not SBC has expressed any
17 concerns or communicated in any way, assuming that,
18 and we don't know this because it's number 1,
19 assuming that Alcatel might plan to outsource or
20 sell the fabrication function for the cards that
21 SBC buys. SBC in the past has been very interested
22 in maintaining quality control over whatever it

1 puts in its network, and we would expect that they
2 would express concerns to Alcatel if Alcatel was,
3 in fact, planning to outsource the manufacturing of
4 products they currently manufacture, so we're
5 asking for that information.

6 MR. BINNIG: Why weren't those requests made
7 to SBC or Ameritech Illinois? We've received no
8 requests asking for documents we provided to
9 Alcatel on that subject.

10 MR. BOWEN: They were.

11 MR. SCHIFMAN: They were, and you answered.

12 MR. BINNIG: Well, then you've got everything
13 that SBC has.

14 MS. MANN-STADT: Then you have everything.

15 MR. SCHIFMAN: Well, that was SBC to Alcatel.
16 It doesn't say -- your answer was we could not find
17 anything.

18 MR. BOWEN: Yeah.

19 MR. BINNIG: Then that means there aren't any.

20 MR. BOWEN: No, it doesn't.

21 MR. BINNIG: Yes, it does.

22 JUDGE WOODS: Okay, guys. Ground rules,

1 please. One at a time. We've got a lot of folks
2 up here. We've only got one court reporter, so we
3 need to go one at a time, please. Just show a
4 little bit of courtesy.

5 MR. BOWEN: All right. Could I ask for one
6 more ground rule?

7 JUDGE WOODS: Sure.

8 MR. BOWEN: Could we have just one party
9 arguing for the other side at a time, unless we're
10 actually involving two? I mean this is not
11 Ameritech's motion to quash, I don't think, unless
12 you wrote it, Chris. This is Alcatel's motion to
13 quash. Ms. Mann-Stadt has already argued this
14 motion, and Mr. Binnig should not speak unless
15 there's some issue that involves them. Two lawyers
16 should not be allowed to argue against us.

17 MR. BINNIG: Your Honor, they've raised issues
18 about Ameritech's response to discovery. I think
19 I'm entitled to respond to this.

20 JUDGE WOODS: I would agree that's he
21 entitled. If your assertion is that Ameritech
22 failed to provide something, I think Mr. Binnig

1 should have the opportunity to address that,
2 although from the conversation that I just heard,
3 it does sound like we're talking about two
4 different things. It sounds like they requested,
5 from what I understood, correspondence from
6 Ameritech to Alcatel and were told that there was
7 none. Is that correct?

8 MR. BOWEN: That's correct.

9 JUDGE WOODS: I don't -- my understanding is
10 that their claim is that they were not asked for
11 correspondence from Alcatel to SBC. Is that
12 correct?

13 MR. BOWEN: We're asking both sides of the
14 conversation or the written conversation that might
15 have been involved to produce whatever they have.
16 If Ameritech can't find anything, perhaps Alcatel
17 can. Alcatel has been much better at producing
18 documents, frankly, than Ameritech has.

19 JUDGE WOODS: Okay. Ms. Mann-Stadt.

20 MS. MANN-STADT: I feel compelled, and not to
21 annoy the Hearing Examiner, but to state that
22 particularly Rhythms and the CLECs want to see

1 Ameritech and Alcatel as one in the same and yet
2 want to separate us when there's an argument on
3 discovery, and Mr. Bowen's characterization of
4 Alcatel's response to discovery is yet again
5 inaccurate.

6 You were not involved in getting a
7 current version of a manual. They did not have to
8 have any teeth pulling, as was described, to get
9 the current version of the manual. They asked for
10 it. It was very difficult to send through e-mail.
11 It took a number of e-mails. It was just some
12 technical difficulties in getting it, and we
13 eventually supplied you with a CD.

14 It serves your purpose to paint this as
15 a very difficult process. It's not. We are trying
16 to respond. You asked for very, very broad -- you
17 tendered very broad requests, and then you do not
18 want legitimate discovery. What you want is
19 perfect, immediate discovery, and we differ. We
20 want legitimate discovery.

21 On the issue of number 2, you have asked
22 previously for correspondence with Ameritech

1 related to LiteSpan 2000 and LiteSpan 2012. This
2 is duplicative. You're asking for a subset here.

3 MR. BOWEN: I guess I'm missing the point.

4 JUDGE WOODS: I am too.

5 MS. MANN-STADT: Please produce all documents
6 in Alcatel's possession, custody, or control
7 relating to line cards available for or being
8 developed for LiteSpan 2000 and 2012, and now
9 you're asking here any communications with Alcatel
10 about selling the manufacturing plants. Again, you
11 have not limited that to LiteSpan. It says its
12 manufacturing plants, including discussion of the
13 analysis of such plant sales on the supply of line
14 cards. That's a subset of the request that you
15 asked in the first set of data requests.

16 MR. BOWEN: Are you representing that you've
17 responded in substance to this request on a broader
18 basis?

19 MS. MANN-STADT: I believe this is a
20 duplicative request.

21 JUDGE WOODS: Okay, but the question is
22 whether or not you responded to it. Now I think we

1 can cut out the general request for communications
2 regarding the decision to sell manufacturing plants
3 which I find to be wholly irrelevant.

4 MR. BOWEN: I'm pointing towards the LiteSpan
5 units and the LiteSpan card plans.

6 MS. MANN-STADT: But it doesn't say that.

7 JUDGE WOODS: And I would agree with you. To
8 the extent that this is a general request for all
9 communication regarding the decision to sell,
10 that's clearly irrelevant, and I would quash that
11 portion of that request.

12 Now if you're telling me that the
13 response was already given in relationship to a
14 question concerning the sale of plants on the
15 supply of LiteSpan 2000 and 2012, that's been
16 answered?

17 MS. MANN-STADT: I would assume if it asked
18 for any correspondence or documents related to
19 LiteSpan, that manufacturing LiteSpan cards or
20 NGDLC equipment is contained in that. Now have I
21 gone through all of those to match? No, I haven't .

22 MR. BOWEN: Well, I've tried to, Your Honor,

1 and there's nothing that I would consider to be all
2 responsive to this particular request.

3 JUDGE WOODS: Okay. Well, I think this is
4 relevant. It does -- I think it does ask for
5 information that goes to at least Dr. Ransom's
6 testimony and probably the testimony of other
7 witnesses, so that request, which is now limited to
8 discussion or analysis of any effect of one of the
9 proposed plant sales on the supply of line cards
10 for the LiteSpan NGDLC equipment, okay, limited to
11 that, I think that should be produced.

12 Let's go to number 3.

13 MS. MANN-STADT: We're looking at request
14 number 4.

15 MR. BOWEN: I only have three.

16 JUDGE WOODS: I think she's referring to --

17 MS. MANN-STADT: I'm talking about the first
18 request.

19 MR. BOWEN: Oh, okay.

20 MS. MANN-STADT: Okay?

21 JUDGE WOODS: Sure.

22 MS. MANN-STADT: And which, for the record,

1 there were 16 requests.

2 Request number 4 asked for all documents
3 about deployment or planned deployment of LiteSpan
4 cards capable of supporting DSL services other than
5 ADSL. Now this is limited I suppose -- I suppose
6 it includes xDSL in the question, but that would
7 have been responded to in the response to number 4.
8 Do you want me to read them?

9 JUDGE WOODS: No. The representation now is
10 that upon receipt of that request, if you had found
11 a document that discussed the pending plant sale on
12 the supply of the line cards, that would have been
13 provided.

14 MS. MANN-STADT: Related to xDSL. That would
15 have been with all of the communications asked
16 about the ADSL.

17 MR. BOWEN: Well, Your Honor, --

18 MS. MANN-STADT: Other than ADSL.

19 MR. BOWEN: Your Honor, again, I have been
20 through the entire production, and I would like for
21 Alcatel's counsel, whether it's Ms. Mann-Stadt or
22 Mr. Shiells or Mr. Chalker or anybody else that has

1 been involved in this whole process, to represent
2 on the record that there are no communications or
3 documents between SBC or Ameritech Illinois and
4 Alcatel about this request because I saw none in
5 the production. If they're telling us in front of
6 Your Honor that there has been no communication
7 between SBC or Ameritech and Alcatel asking for
8 other kinds of line cards besides ADSL, I'll take
9 that answer.

10 MS. MANN-STADT: That's a different question.

11 MR. BOWEN: No, it's not. That's the question
12 I asked.

13 MR. SHIELLS: Your Honor, if I may, this is
14 Ted Shiells for Alcatel.

15 It's impossible for me to represent that
16 there are no such communications, but I can assure
17 the Hearing Examiner that we went through the
18 company looking for documents that would be
19 responsive to this request, and if we didn't -- if
20 we found them, we produced them, and so I don't
21 know how we would find any more documents because
22 we would go through the same process, the same

1 people. So if there is a document that we were not
2 able to find, it isn't because we didn't try to
3 find it. We did our best.

4 MR. SCHIFMAN: Your Honor, that was in
5 response -- well, first of all, that was in
6 response to the first set of data requests as of
7 whenever those were propounded in late June. This
8 set of data requests was propounded later. I guess
9 I haven't heard Alcatel say that they have gone
10 through their records to determine that the
11 specific question that was asked in numbers 2 and
12 3, that they have not been able to find documents
13 responsive to those requests. This was a
14 subsequent data request. Just because a broad
15 request was asked that asked for certain documents
16 and we have now narrowed the focus in this request,
17 they still would have an obligation to search for
18 those documents responsive to that request.

19 JUDGE WOODS: Okay. Well, number 2 is still
20 subject to production.

21 MR. SHIELLS: Yes, I understand that.

22 JUDGE WOODS: You are ordered to make an

1 examination, have someone make an examination to
2 see if there's any communications discussing the
3 effect of production on line cards of the sale of
4 the plants. Do you understand that?

5 MR. SHIELLS: Yes.

6 JUDGE WOODS: Okay. Now we're on number 3
7 which is whether there are any requests to provide
8 line cards for any types of xDSL other than ADSL.
9 Now my understanding is that you believe this is
10 duplicative.

11 MR. SHIELLS: Yes, Your Honor.

12 JUDGE WOODS: I think it's marginally more
13 focused than the previous request and should be
14 responded to. The question is now whether or not,
15 to your knowledge and belief, there are any other
16 documents that have not been produced that would
17 answer this question.

18 MR. SHIELLS: To my knowledge, Your Honor,
19 there are not, and I can also say that our
20 understanding of the prior request would have
21 encompassed this. So that if we had found
22 documents that had this information in them, they

1 would have been produced in response to the prior
2 request.

3 JUDGE WOODS: Okay. Because I do find this
4 question relevant, and the subpoena would be
5 enforced with this question intact. I think it's
6 completely relevant, so.

7 Mr. Bowen, you've got your response?

8 MR. BOWEN: I do, Your Honor.

9 JUDGE WOODS: Okay.

10 MR. BOWEN: Thank you.

11 JUDGE WOODS: Yep.

12 Then we'll turn to I believe the
13 testimony of Rhythms' witness Mr. Watson. Is that
14 correct?

15 MR. LIVINGSTON: Yes, Your Honor.

16 JUDGE WOODS: Okay. Mr. Livingston.

17 This is the supplemental reply. Is that
18 correct?

19 MR. LIVINGSTON: This is the supplemental
20 reply dated Friday the 13th.

21 JUDGE WOODS: Okay.

22 MR. LIVINGSTON: And first I'd like to get on

1 the table what our motion to strike is in terms of
2 its scope, and then we'll take it in pieces because
3 I think we have some arguments with respect to some
4 parts of this and other arguments with respect to
5 other parts.

6 JUDGE WOODS: Okay.

7 MR. LIVINGSTON: What we're seeking is to
8 strike basically all the testimony beginning at
9 page 2, line 20, through the end as well as the
10 exhibit, I think it's his Exhibit 4 which is
11 attached to this supplemental reply testimony, with
12 the exception of the testimony that appears at page
13 16, lines 4 through 18.

14 We understand the purpose for which
15 supplemental testimony was permitted was limited
16 basically to three things:

17 First, Alcatel produced documents on
18 June 29th in response to a subpoena that was served
19 on June 25th. Those were used in the CLEC
20 testimony that was filed on July 2nd. They talk
21 about it. They attach it, etc. that production on
22 June 29th had certain cost and price information

1 redacted, and Mr. Bowen I believe or his office
2 discovered that that same Friday and complained to
3 Alcatel's counsel about it. Unredacted versions
4 were produced on July 2nd, and the CLECs were given
5 leave to file supplemental testimony addressing
6 those redactions, those cost and price redactions.
7 That's number one.

8 Number two, certain so-called Kansas
9 documents were produced after July 2nd, and my
10 understanding is the CLECs were given leave to file
11 supplemental testimony addressing those documents.

12 Third, and we've already heard about
13 this, the current LiteSpan 2000 /2012 standard
14 practices manual was produced late, and the CLEC
15 were given leave to address it in supplemental
16 testimony.

17 So we have three limited purposes: the
18 cost price redacted information, the Kansas
19 documents, and the correct standard practices
20 manual.

21 Now, with respect to the testimony that
22 appears at page 2, line 20, through page 15, line

1 8, this all purports to address Alcatel documents.
2 Now given the specific purpose or purposes for
3 which supplemental testimony was permitted, you'd
4 expect that each Q and A would refer either to
5 redacted cost price information or to the correct
6 standard practices manual. There's not one
7 referenced to either.

8 Certain documents are quoted from and
9 they're cited. There's footnote cites throughout
10 the document. All the documents that are quoted
11 and all the documents that are cited are other
12 Alcatel documents that were produced on June 29th.

13 None of the argument and discussion that
14 appears at these pages 2 through 15 refer either to
15 the cost price information or to the correct
16 manual. All the argument and discussion on those
17 pages is based on information that was supplied
18 before July 2nd, as evidenced by the fact that the
19 information is all cited and discussed by
20 Mr. Watson and Mr. Dunbar, among others, in their
21 July 2nd testimony.

22 With respect to page 14, line 7 through

1 21, it purports to quote a Kansas document, but
2 there's no citation. We can't tell whether it's
3 proper supplemental testimony or not. It could be
4 a previously produced Texas document. There is no
5 citation.

6 With respect to page 15, line 9, through
7 page 16, line 3, it talks about the Kansas
8 production, but it doesn't cite anything, and I
9 believe that if it was really a Kansas document
10 that was being referred to here, it would have been
11 cited. I believe what's happened here is a
12 mischaracterization of other documents that have
13 been produced earlier in the case.

14 Now with respect to page 16, lines 4
15 through 18, we don't have an objection to that.
16 That appears to be based on, and to quote, "from a
17 Kansas document".

18 With respect to the last Q and A in the
19 exhibit, this deals with cross talk or spectral
20 interference. It doesn't address anything in the
21 Kansas or Alcatel documents. It purports to
22 respond to an Ameritech data request response that

1 was timely served. It's a response that we don't
2 rely on in our testimony. It's an answer to a
3 question they propounded. We provided it in a
4 timely fashion. We view this last Q and A on pages
5 16 and 17 to just be an excuse to try to get DW-4,
6 the exhibit attached to the supplemental reply,
7 into the record.

8 This is a Rhythms-generated document
9 dated from at least November 2000. It does, in
10 fact, deal with a theory concerning spectral
11 interference or cross talk, but it could have been
12 provided much earlier, and it's certainly not
13 within the limited scope of permitted supplemental
14 reply.

15 So based upon those points, I would move
16 to strike everything except the testimony about the
17 specific Kansas document that appears on page 16.

18 JUDGE WOODS: Mr. Bowen.

19 MR. BOWEN: Thank you, Your Honor.

20 I fear I've not taken notes fast enough.
21 I'm sure Mr. Livingston had a number of days to
22 prepare his argument and make his little list, but

1 I've not taken notes fast enough, so I'll do the
2 best I can in responding.

3 Let me say generally that, again, Your
4 Honor is aware of the context of the production of
5 these documents. Your Honor actually also is aware
6 that we had extreme difficulty getting Kansas
7 documents from Ameritech in this case. I guess
8 I'll need to say just a word about that for the
9 record.

10 We didn't actually get the full Kansas
11 documents until July the 2nd. I don't want to
12 quibble about individual dates. I think the
13 important thing that needs to be said here is that
14 we are entitled to get documents for our witness to
15 prepare his testimony not the last business day
16 before and not the second to the last business day
17 before, but a good amount of time in advance, and
18 we asked these questions; that is we asked to be
19 able to use, as you'll recall, the Texas and Kansas
20 documents produced by SBC in those two states in
21 this case in the middle of June, and it took until
22 the dates that Mr. Livingston indicated to get

1 those documents in our hands. Why? I have no
2 idea. I can't think of a single good reason except
3 for trying to jam us at the end of our testimony
4 cycle, which is what actually happened.

5 The documents we're talking about here
6 filled up one very large box. One box was about
7 two or three feet long, as a matter of fact, and it
8 is simply unreasonable and an abuse of discovery
9 for Ameritech to not produce the documents to us
10 until the last business day -- some of the
11 documents until the last business day before the
12 testimony is due to be filed and then to produce
13 some more on the day the testimony was to be filed,
14 after improper redaction and so forth.

15 So I'm going to respond to some of these
16 individual claims that Mr. Livingston has advanced
17 here, but I think the context needs to be that with
18 respect to the Kansas documents, we sought those
19 documents on a timely fashion, again, a five-day
20 turnaround, and it took us longer than -- much
21 longer than five days to get them in our hands to
22 use them. It's not reasonable to ask a witness,

1 any witness, an Ameritech witness or anybody else,
2 to respond to technical areas like Mr. Watson
3 testifies to one business day before the testimony
4 is to be filed, and, in fact, my recollection is,
5 Your Honor, that you were well aware of the
6 problems that were occasioned by this slow
7 production or nonproduction on Ameritech's behalf,
8 and, in fact, during the telephone conferences that
9 we did have you allowed us, because of that, to
10 address the Kansas documents in the additional
11 testimony. We simply did not have an opportunity
12 to examine, analyze, and integrate any of the
13 Kansas documents in our single round of testimony
14 filed on July 2nd.

15 With respect to the lack of citations, I
16 guess I thought we did a pretty good job, frankly,
17 of trying to reference documents in the testimony,
18 and we have numerous examples of that, including
19 Bate-stamp pages, and I'll represent to Your Honor
20 that every document that doesn't have a citation
21 but has a reference where Mr. Livingston suspects
22 or assumes that those are Texas documents are, in

1 fact, Kansas documents, and if he wants to ask the
2 witness questions about the source of those
3 statements, he can do so, and he'll find out when
4 he does that that Mr. Watson had Kansas documents
5 in front of him and in mind when those questions
6 that are not cited individually are written.

7 With respect to the Alcatel documents,
8 we've been through this already in front of Your
9 Honor. We've been through it a number of times.
10 Again, the reality here is that no witness should
11 be asked to prepare testimony until he or she has
12 the universe of documents that are relevant in
13 front of them.

14 JUDGE WOODS: Has the what kind of documents?

15 MR. BOWEN: The universe of documents that are
16 relevant in front of them for the simple reason
17 that reading one document might cause a particular
18 answer to be filed or testimony to be filed and
19 then another document that's relevant that
20 supersedes that might come in and it looks,
21 frankly, relatively bad, and the witness can be
22 cross-examined and perhaps impeached when later

1 production of documents causes him or her to change
2 his or her mind. So the general rule in every case
3 that I've done in front of this Commission and
4 elsewhere is you get a right to get the documents
5 in front of you, to look at them, to analyze them,
6 to think about them, to integrate them in your
7 testimony, and then to file your testimony. We
8 couldn't do that. That's the whole reason for the
9 supplemental round. Had documents been produced by
10 both companies on a timely fashion, then there
11 would have been a single round of testimony on July
12 2nd which would have integrated all this
13 information into it.

14 So, for example, I do recall Mr. Watson
15 at last getting the correct Alcatel LiteSpan
16 practices guide on CD-ROM I think it was about 3
17 o'clock the day before he was suppose to file his
18 testimony, and he made a valiant effort to go
19 through that and to try and confirm some of his
20 suspicions based on what he had seen so far from
21 the Alcatel documents elsewhere and from the Kansas
22 documents, and so part of that kind of look

1 involves looking to see whether or not there's
2 anything in the Bible, if you will, the standard
3 practices manual for the platform, that confirms or
4 negates one of the claims he's trying to
5 investigate. So this is not an analysis that
6 happens in little tiny segments. This is an
7 integrated or should be an integrated analysis that
8 proceeds based on review of all the documents and
9 what they mean in total, and in total means you do
10 that when you have them all, not in little pieces
11 beforehand.

12 With respect to the testimony at page --
13 that begins at page 16 and goes on to page 17,
14 again, this is one of the claims that Ameritech has
15 advanced, and, in fact, it is in some of
16 Ameritech's witnesses' testimony, there's a
17 glancing illusion to the assertion that deploying
18 NGDLC Project Pronto will not impair or degenerate
19 any of the signals on home-run copper. In
20 discovery, as Mr. Livingston indicated, Ameritech
21 responded with a document which purports to be an
22 analysis to support that. That actually came in --

1 can I have one minute?

2 JUDGE WOODS: Yes.

3 (Brief pause in the proceedings.)

4 MR. BOWEN: I don't want to spend the time,
5 Your Honor. I believe that came in, frankly, after
6 the 29th. I can't right now find the answer to
7 that, but our witness didn't have it available to
8 him for review, and what he tried to do, frankly,
9 was to go into the LiteSpan standard practices
10 manual and see if Alcatel as the manufacturer
11 actually supported or didn't support the claims
12 that SBC was making because it's their product, and
13 he could find nothing, as he said in his testimony,
14 he could find nothing in there to support the
15 claims of SBC, so it's basically proof by omission.
16 That is, there's nothing that the manufacturer says
17 to support what Ameritech is alleging. So it's
18 entirely proper to wait until you have what should
19 be the definitive Bible proof of that before you
20 have to file the testimony on that.

21 So that's I think our individual
22 responses insofar as I could take down

1 Mr. Livingston's bases for motions to strike.

2 On an overall basis, frankly,
3 fundamental fairness I think demands that you allow
4 this testimony to stay in. That is, Ameritech has
5 had more testimony filed in this case by a factor
6 of two than in the case below. They have thirteen
7 witnesses here. I think they had six below. I
8 have two full binders of Ameritech testimony, and
9 they are right now trying to preclude Rhythms from
10 filing the rest of its single round of testimony by
11 this motion. That is simply unfair. It results
12 from their own abuse of discovery and should not be
13 allowed.

14 MR. LIVINGSTON: Could I respond briefly?

15 JUDGE WOODS: Very briefly, please.

16 MR. LIVINGSTON: Pages 2 through 15 is all
17 about Alcatel, and the only documents specifically
18 cited are ones that were produced on the 29th. The
19 reason that they weren't produced until the 29th,
20 quite frankly, is that Mr. Bowen and his cohorts
21 did not see fit to file and serve their subpoena
22 until the 25th.

1 With respect to Kansas, I have no
2 objection to Kansas. Your Honor was on the phone.
3 You understood the problems I had under the
4 protective order in Kansas, but we produced those,
5 and I have no objection to testimony regarding
6 Kansas. Kansas is only two Q's and A's on 15 and
7 16. 16 cites to a Kansas document. That's not a
8 problem. It's well within the letter and spirit of
9 what Your Honor permitted. 15 purports to
10 characterize the document but cites nothing. If,
11 in fact, that's a Kansas document, I'd like to make
12 an on-the-record data request that that be produced
13 prior to Mr. Watson's cross-examination.

14 And with respect to the cross-talk
15 point, this was an issue raised by Commissioner
16 Squires. It's a matter that was addressed in the
17 opening round of testimony on June 4th. The CLECs
18 did, in fact, respond to it, and at a minimum, at a
19 minimum, they have no business attaching now their
20 own generated document from November 2000 to
21 address issues in a document we're not even relying
22 on in our testimony.

1 JUDGE WOODS: Okay. I've reviewed the
2 testimony and the arguments, and the motion to
3 strike is denied.

4 Do we have an agreed-on order of
5 witnesses?

6 MR. LIVINGSTON: Could I have a ruling on my
7 on-the-record data request with respect to the
8 specific Kansas document or documents referred to
9 in the first Q and A on Kansas on page 15?

10 EXAMINER WOODS: I don't think we really need
11 to make that a data request. I think he can simply
12 be asked on the stand for the source, and I'll ask
13 him to produce the source of that testimony as
14 opposed to making it a data request.

15 MR. LIVINGSTON: I'd like to have it so I can
16 cross-examine him on it because I don't think
17 there's a document that says what it says.

18 JUDGE WOODS: Well, I think Mr. Watson should
19 certainly be prepared to provide counsel with a
20 document upon which he relied either as part of
21 cross, in which case I guess you can ask discovery
22 of the document that he claims he got from you, but

1 it seems a little redundant.

2 MR. LIVINGSTON: Well, we produced -- like
3 Mr. Bowen said, we produced boxes and boxes of
4 documents, and if he says there's something in
5 there that says this --

6 JUDGE WOODS: Okay. Well, we'll ask him.

7 MR. LIVINGSTON: Okay.

8 JUDGE WOODS: All right.

9 At this time I'd ask any witness who
10 intends to give testimony to please stand and raise
11 their right hand.

12 (Whereupon 12 witnesses
13 were sworn by Examiner
14 Woods.)

15 JUDGE WOODS: Thank you. Be seated.

16 Witnesses.

17 MR. BINNIG: Our first witness, Your Honor, is
18 Ross K. Ireland.

19 JUDGE WOODS: Okay.

20

21

22

1 ROSS K. IRELAND
2 called as a witness on behalf of Ameritech
3 Illinois, having been first duly sworn, was
4 examined and testified as follows:

5 DIRECT EXAMINATION

6 BY MR. BINNIG:

7 Q. Mr. Ireland, could you state your full
8 name and business address for the record, please?

9 THE WITNESS:

10 A. Ross K. Ireland, 175 East Houston
11 Street, San Antonio, Texas.

12 Q. And, Mr. Ireland, do you have in front
13 of you what will be marked for identification
14 purposes in the record as Ameritech Illinois
15 Rehearing Exhibit 1 entitled the Direct Testimony
16 on Rehearing of Ross K. Ireland consisting of 34
17 pages of typed questions and answers and two
18 attached schedules, Schedule RKI -1 and RKI-2?

19 A. I do.

20 Q. Was this exhibit prepared by you or
21 under your supervision and direction?

22 A. It was.

1 Q. Do you have any additions or corrections
2 to make to this exhibit?

3 A. Yes, I have two corrections.

4 Q. Could you go through those with us,
5 please?

6 A. On page 1 at line 10, it states I'm
7 employed by SBC Management Services, Inc. that
8 should be Management Services L.P.

9 The second correction is on page 14 at
10 line 18. It says cable modem service providers
11 have 86.7 percent. That should read 85.8 -- I'm
12 sorry -- 85.5 percent, and in line 19 where it says
13 as compared to 13.3 percent, that should read 13.1
14 percent.

15 Q. With those corrections, Mr. Ireland, if
16 I were to ask you the typed questions and answers
17 set out in Ameritech Illinois Rehearing Exhibit 1
18 today, would your answers be the same as reflected
19 in the exhibit?

20 A. Yes, they would.

21 Q. And with respect to the schedules
22 attached, Schedule RKI-1 and RKI-2, were these

1 schedules prepared by or under your supervision and
2 direction?

3 A. Yes, they were.

4 Q. Do they accurately reflect what they
5 purport to reflect?

6 A. To the best of my knowledge, yes.

7 Q. Let's turn to a document that will be
8 marked for identification as Ameritech Illinois
9 Rehearing Exhibit 1.1 which is entitled Rebuttal
10 Testimony of Ross K. Ireland on Behalf of Ameritech
11 Illinois. It consists of 13 pages of typed
12 questions and answers. Do you have that document?

13 A. I do.

14 Q. Was Ameritech Illinois Exhibit 1.1
15 prepared by you or under your supervision and
16 direction?

17 A. Yes, it was.

18 Q. Do you have any additions or corrections
19 to make to Ameritech Illinois Rehearing Exhibit
20 1.1?

21 A. No, I do not.

22 Q. If I were to ask you the questions that

1 appear in Ameritech Illinois Rehearing Exhibit 1.1
2 today, would your answers be the same as reflected
3 in the exhibit?

4 A. Yes, they would.

5 MR. BINNIG: Your Honor, we would move for the
6 admission of Ameritech Illinois Rehearing Exhibits
7 1.0 and 1.1 and offer Mr. Ireland for
8 cross-examination.

9 JUDGE WOODS: Mr. Binnig, I was writing when I
10 should have been listening. How are those
11 specifically identified on the face?

12 MR. BINNIG: On the face they simply say
13 Direct Testimony on Rehearing of Ross K. Ireland.
14 That will be Rehearing Exhibit 1.0, and then the
15 other says Rebuttal Testimony of Ross K. Ireland on
16 Behalf of Ameritech Illinois. That will be
17 Rehearing Exhibit 1.1.

18 JUDGE WOODS: Okay. Objections? The
19 documents are admitted without objection.

20 (Whereupon Ameritech
21 Illinois Rehearing Exhibits
22 1 and 2 were received into

1 evidence.)

2 JUDGE WOODS: The witness is available for
3 cross.

4 MR. BOWEN: I would be happy to start, Your
5 Honor.

6 JUDGE WOODS: I'm sure you would, Mr. Bowen.

7 CROSS EXAMINATION

8 BY MR. BOWEN:

9 Q. Good morning, Mr. Ireland.

10 A. Good morning.

11 Q. My name is Steve Bowen. I'm counsel for
12 Rhythms. Let me say that it's an honor to chat
13 with somebody as important as you are in the
14 corporation.

15 A. Thank you.

16 Q. You are -- I guess you're Chief
17 Technology Officer, right, of SBC?

18 A. Yes, I am.

19 Q. Is that just SBC/Ameritech or is it
20 bigger than that?

21 A. I'm the Chief Technical Officer for the
22 entire corporation.

1 Q. Thirteen states?

2 A. Yes, sir.

3 Q. Now, if I can use this term, and you
4 have to tell me if I can or not, you're a real
5 engineer, right? You've had actual engineering
6 positions in the company, including 35 years of
7 experience?

8 A. I'm not a licensed engineer, but I have
9 worked in engineering assignments within the
10 company, yes.

11 Q. Oh. So you're -- you mean licensed in
12 some state? Is that what you mean by that? You're
13 not licensed in any state?

14 A. I'm not.

15 Q. But you do say on page 5 of your direct
16 testimony that you've had 35 years of experience in
17 this business. Right?

18 A. Yes, I have.

19 Q. Okay. Just a couple of questions in a
20 bit more detailed level. Have you ever had any
21 line experience as an outside plant engineer?

22 A. No, I have not.

1 Q. Have you ever had any supervisory
2 experience over line outside plant engineers?

3 A. No, sir.

4 Q. Have you ever had any engineering
5 experience as a central office engineer? A line
6 engineer?

7 A. Not specifically, no.

8 Q. Okay. Have you ever supervised any line
9 central office engineers?

10 A. Yes, I have.

11 Q. Okay. Back to --

12 A. I need to -- excuse me. I need to
13 correct that. I have actually supervised outside
14 plant engineers as well. I never was an outside
15 plant engineer.

16 Q. Okay. But I know you know what they do.
17 Right?

18 A. Yes, sir, I do.

19 Q. Okay. And when I say outside plant, I
20 mean, I hope you mean too, both loop plant and
21 interoffice plant. Is that fair?

22 A. That's correct.

1 Q. All right. Back to page 1 of your
2 direct, please. On line 14 you're asked the
3 question: "As an officer of SBC, do you usually
4 testify in regulatory proceedings?" Do you see
5 that question?

6 A. Yes, I do.

7 Q. And your answer is no. Is that correct?

8 A. That's correct.

9 Q. Have you ever testified in a state
10 public utility commission proceeding?

11 A. Yes, I have.

12 Q. Okay. Could you just tell us when
13 that's been?

14 A. 1983 or '84 approximately, the
15 competition hearings.

16 Q. In which state?

17 A. California.

18 Q. Okay. You're a former PacBell employee,
19 aren't you?

20 A. Yes, I am.

21 Q. When did you move to headquarters?

22 A. I physically moved to headquarters in

1 San Antonio about 18 months ago.

2 Q. Okay. But you had headquarter job
3 responsibility before that? Is that right?

4 A. Yes, that's correct.

5 Q. How long before that were you a
6 headquarters employee?

7 A. For the SBC Corporation since the time
8 of merger.

9 Q. Okay. And up until that point were you
10 a Pacific Bell employee for your 35 years?

11 A. All except two years, yes.

12 Q. And that two years was spent where?

13 A. At the Indian Hill Training Center and
14 Bell Laboratories.

15 Q. Okay. So you testified what? Eighteen
16 years ago in California in a state PUC case? Is
17 that right?

18 A. That's correct.

19 Q. Anything besides that?

20 A. No, not that I recall.

21 Q. Okay. I want to understand in more
22 detail why you're testifying now for your second

1 time 18 years later, so I want to ask you a couple
2 questions about that.

3 Are you familiar in general with the
4 series of cases about line sharing on Project
5 Pronto in Illinois?

6 A. In general, yes, I believe so.

7 Q. Okay. Is it fair to say that there have
8 been two different proceedings addressing the same
9 suite of issues, one being an arbitration that
10 involved Rhythms and Covad and Ameritech and a
11 second being a tariff that Ameritech filed?

12 A. I am familiar with those, but not in
13 detail, but yes.

14 Q. Okay. But you recognize those two
15 proceedings as I described them as being ones that
16 addressed line sharing on Pronto, do you not?

17 A. I do.

18 Q. So it's fair to say, is it not, that
19 this rehearing and the case below is not the first
20 time the Commission has addressed -- this
21 Commission has addressed line sharing on Pronto?
22 Is that fair?

1 A. To the best of my knowledge, yes.

2 Q. Okay. Why didn't you testify in the
3 case below?

4 A. We offered a number of witnesses in the
5 case that were knowledgeable and expert in that
6 regard. It was my opinion that they would do an
7 excellent job there and would be able to state our
8 case thoroughly and completely.

9 Q. But your expectation didn't prove to be
10 real? Is that what you're saying?

11 A. The outcome was such that, frankly, it
12 was something that we could not live with if we
13 wanted to continue to put Pronto into service in
14 Illinois. That was, frankly, something that caused
15 me to want to come here personally and be able to
16 talk about the situation.

17 Q. Okay. So if I understand what you're
18 saying, in the tariff case, and I want to focus us
19 in particular on the two different cases,
20 specifically in the tariff case, which is what I
21 mean when I say the case below. That's the case
22 that we're on rehearing on right now. I know

1 you're not a lawyer, but you understand that you're
2 on rehearing in the tariff case right now. Right?

3 A. I didn't until you just stated that, but
4 yes, okay.

5 Q. You didn't understand that you're on
6 rehearing to talk about the tariff case until just
7 now.

8 A. I didn't -- I'm not sure.

9 Q. Okay. You thought it might have been
10 the arbitration?

11 A. It's difficult to keep these straight,
12 so frankly I didn't know.

13 Q. Okay. Well, I take it that you probably
14 wouldn't be aware of kind of the detailed schedule,
15 the testimonial filing milestones and so forth in
16 these two cases. Is that fair?

17 A. Not in detail, no.

18 Q. Okay. I'm going to represent to you
19 then what some dates were. I'm going to ask you to
20 take those dates subject to check. You can always
21 check those with your counsel, whomever, but let's
22 just talk about some dates that I'll represent to

1 you are correct dates. Okay? You might want to
2 write these down. It's a pretty complex schedule.

3 Okay. I'm going to ask you to take for
4 discussion purposes that in the tariff case you all
5 filed direct testimony on August 21st of last year.
6 Then you filed rebuttal testimony on September 20th
7 of last year. Okay? Now taking those as an
8 assumption, are those the two testimony rounds you
9 referred to in your previous answer when you said
10 that you had people you thought could address the
11 issues efficiently? Those two rounds there?

12 A. I believe so, yes.

13 Q. Okay. All right. Now I want to switch
14 over to the arbitration case for a second. Do you
15 have any idea when the petition for arbitration was
16 filed by Rhythms and Covad before this Commission?

17 A. Not without looking that up, no, I don't
18 remember.

19 Q. Okay. Let me ask you to take again, and
20 you can check this, that it was filed on April 26th
21 of last year. I'd also ask you to take that that
22 petition included Rhythms and Covad proposed

1 contract language which asked for Project Pronto as
2 UNEs and asked for line card collocation. Can you
3 accept that for discussion purposes?

4 A. Yes.

5 Q. Okay. And that Rhythms and Covad filed
6 direct testimony on May 15th and Ameritech filed
7 its direct testimony on May 25th of last year. Can
8 you accept those dates for discussion purposes?

9 A. Yes.

10 Q. Okay. Do you know when the order came
11 out in that case, in the arbitration case?

12 A. I believe it came out in August, but I'm
13 not sure.

14 Q. It did. It came out on August 17th.
15 Now, August 17th was four days before Ameritech's
16 direct testimony in the tariff case and over a
17 month before the rebuttal testimony. Isn't that
18 right, if my dates are correct?

19 A. Say them again, please.

20 Q. The order came out August 17th in the
21 arbitration case. Your direct testimony, as I've
22 asked you to take for discussion purposes, was

1 filed on August 21st in the tariff case, and your
2 rebuttal testimony was filed on September 20th in
3 the tariff case. So you had two rounds of
4 testimony in the tariff case addressing the same
5 issues after the Commission's final order came out
6 in the arbitration case. Is that right? If my
7 dates are right.

8 A. I'm confused on some of the dates, but,
9 yes, I will assume so.

10 Q. Okay. Well, did anybody come to you on
11 or after August 17th and say, gee, Mr. Ireland,
12 we've got a big problem in Illinois; the Commission
13 just ordered us to unbundle Project Pronto into
14 UNEs and to allow line card collocation?

15 MR. BINNIG: I'll object to that question to
16 the extent it mischaracterizes the arbitration
17 decision. The arbitration decision speaks for
18 itself.

19 JUDGE WOODS: You can answer.

20 A. I did not keep close track of these
21 different orders and different cases. What I did
22 know is that people did come to me and indicate

1 that, in fact, in Illinois we had a ruling that
2 caused us to have to unbundle in a very serious way
3 the Project Pronto project. As a result of that, I
4 was asked if I would be willing to come and testify
5 on behalf of the company in that proceeding.

6 Q. In the arbitration proceeding?

7 A. No, in this rehearing proceeding.

8 Q. Okay. Well, what I didn't get to yet
9 was you are aware that Ameritech filed an
10 application for rehearing in the arbitration case,
11 aren't you?

12 A. Yes, I am.

13 Q. And that there was both direct and
14 rebuttal testimony filed by Ameritech in the
15 rehearing part of that case. Isn't that right?

16 A. That's true.

17 Q. Did you know that before just now?

18 A. Yes, I did. I filed this testimony in
19 this rehearing.

20 Q. Oh. Actually I was speaking about the
21 arbitration hearing, Mr. Ireland.

22 A. Oh, I got confused. As you can see in

1 the dates of all of this taking place, it's easy to
2 do.

3 Q. Okay. Well, let me be more precise. I
4 want you to focus with me on the arbitration case,
5 not the tariff case that we're here for today.
6 Were you aware that your company -- I'm sorry --
7 Ameritech filed an application for rehearing in the
8 arbitration case?

9 A. No.

10 Q. Okay. Let's assume that they did. Do
11 you know whether or not that kind of activity calls
12 for hearings like this and the testimony is
13 prefiled?

14 A. No, not specifically in an arbitration.

15 Q. Okay. I take it from both those answers
16 that nobody came to you and said we need you to
17 file testimony in the arbitration rehearing case,
18 assuming that there was testimony filed. Is that
19 fair?

20 A. That is fair.

21 Q. Well, when did they come to you and say
22 we want you to consider filing testimony in some

1 case?

2 A. I can't remember the exact date, but
3 approximately a month ago.

4 Q. Sometime in June of 2001?

5 A. Approximately, yes.

6 Q. Do you know when the final order in the
7 arbitration case was issued by the Commission?

8 A. Please repeat the question.

9 Q. Do you know when the final order the
10 Commission would have issued in the arbitration
11 case was issued?

12 A. I don't think it has been issued. I
13 thought only an award was issued at this point.

14 Q. What's an award?

15 A. I thought that the arbitrator had made
16 his decision, but that that subsequently went to
17 the Commission for approval.

18 Q. That's something that your lawyers told
19 you or something you know of your own knowledge?

20 A. Something I've gotten from discussions
21 with the attorneys, but also in reading the
22 material.

1 Q. Okay. Well, do you know when the award
2 became final then?

3 A. I don't know that it is final.

4 Q. Well, in whatever state it's in, do you
5 know the date on which that would have occurred?

6 A. I know that the ruling occurred on
7 August 17th. I would have told you approximately
8 August. You gave me the date.

9 Q. Well, actually I'll ask you to accept
10 for discussion purposes that the Commission issued
11 a rehearing order on a rehearing that your company
12 filed on February 15th of 2001. Can you accept
13 that for discussion purposes?

14 A. Yes.

15 Q. Okay. Did anybody tell you about that
16 shortly thereafter?

17 A. Repeat the question, please.

18 Q. Did anybody tell you about that
19 rehearing order then or shortly thereafter February
20 15th of 2001?

21 A. For an arbitration?

22 Q. Yes.

1 A. Not that I recall.

2 Q. Okay. Do you know when the order in
3 this tariff case came out in the case below?

4 A. Not the specific date, no.

5 Q. Okay. Let's assume that it was March
6 14th of 2001. Can you accept that for discussion
7 purposes?

8 A. Yes.

9 Q. Is it your testimony that nobody came to
10 you until three months later to ask you to file
11 testimony?

12 A. Yes, that's correct.

13 Q. But you're asking this Commission to
14 accept that what they've done is so serious that
15 you've shut down the Ameritech Illinois portion of
16 a \$6 billion build. Is that your testimony here?

17 A. That is correct.

18 Q. So if it was so important, how come you
19 didn't know until three months after the third
20 order was issued on this issue?

21 A. Could you repeat the question, please?

22 Q. Yeah. If it was so important to you

1 that they get it right in your view, why didn't you
2 know about these orders, these three orders I just
3 gave to you, August 17th, February 15th, and March
4 14th, until three months after the last of those
5 three?

6 MR. BINNIG: I'm going to object to the
7 question on a number of grounds. I think it's
8 getting into argument, and I also think that it
9 mischaracterizes the testimony of the witness. The
10 witness did say that he was aware of an initial
11 arbitration decision from August of 2000.

12 JUDGE WOODS: What was the question,
13 Mr. Bowen?

14 MR. BOWEN: I asked him why he didn't know
15 about this extremely important action of the
16 Commission until three months after the last of the
17 three orders that were issued on this topic.

18 JUDGE WOODS: He can answer.

19 A. I believe I did know most of the
20 activities that were going on here. What I'm
21 unable to do is give you the specific dates and
22 times for many of these particular events. I have

1 not memorized those dates and times. I have
2 tracked fairly closely what's been going on in
3 Illinois and what has happened here. I have
4 followed that closely.

5 Q. Okay. Then you must know John Lube,
6 right?

7 A. I know of him.

8 Q. Do you know what role he might have
9 played in any of these proceedings in front of this
10 Commission?

11 A. I know he was a witness in these
12 proceedings.

13 Q. Okay. Wasn't he the chief technical
14 witness in the previous rounds?

15 A. I can't define him as the chief
16 technical witness. I do know that he was a
17 witness.

18 Q. You don't recall -- you don't know what
19 he testified about?

20 A. I know he testified about a number of
21 things that were of a technical nature.

22 Q. Okay. Mr. Ireland, did you read any of

1 the prefiled testimony in any of the three rounds
2 we've just discussed before today, that is the
3 arbitration initial hearing, the arbitration
4 rehearing, or the tariff case below?

5 A. I have read some of it, yes.

6 Q. Which would that be, please?

7 A. I can recall reading part of the Lube
8 testimony, specifically that associated with
9 fiberoptics.

10 Q. And do you recall in which round in
11 which case that might have been?

12 A. Not specifically, no.

13 Q. Have you ever spoken with Mr. Lube
14 directly?

15 A. Not recently, no.

16 Q. Ever?

17 A. I don't know.

18 Q. You don't recall ever doing so. Is that
19 right?

20 A. I don't recall ever doing so. That's
21 correct.

22 Q. How about Mr. Boyer? Do you know him?

1 A. Yes, I do.

2 Q. Okay. Do you know if he filed testimony
3 below, in any of these phases in any of these
4 cases?

5 A. Not specifically, no.

6 Q. Okay.

7 Did you have any opportunity to read any
8 of the transcripts from any of the hearings from
9 any of the phases below, tariff or arbitration?

10 A. No, I don't believe so.

11 Q. Did you ask your counsel if you could
12 see any of the transcripts from the cases below to
13 get up to speed on the issues in the case?

14 A. I did get a fair number of briefings on
15 the issues in these cases and on the circumstances
16 surrounding, again, the unbundling of Pronto in
17 this state.

18 Q. That wasn't my question. I'm sorry.
19 Let me ask it this way. Were you aware that there
20 were actual hearings like this with court reporter s
21 and sworn testimony in the cases below?

22 A. Yes.

1 Q. Okay. And did you understand that that
2 results in a printed transcript?

3 A. I would have expected so.

4 Q. Okay. So did you ask your counsel or
5 anybody else working for SBC for a copy of those
6 transcripts to review prior to your appearance
7 today?

8 A. No.

9 Q. Why is that?

10 MR. BINNIG: I object to the relevance of the
11 question at this point, Your Honor.

12 JUDGE WOODS: I'm a little confused too,
13 Mr. Bowen.

14 MR. BOWEN: I'll withdraw it.

15 JUDGE WOODS: Thank you.

16 Q. I'll represent to you, Mr. Ireland, that
17 more than once with more than one witness the
18 witnesses were asked the question to tell, in fact,
19 this very same judge the exact conditions under
20 which SBC would suspend or cancel deployment of
21 Project Pronto; that is the exact regulatory
22 outcomes, if you will, that would trigger that kind

1 of behavior. Can you accept that for discussion
2 purposes with me?

3 A. Okay.

4 Q. Okay. Now do you think that a witness
5 should be able to answer that kind of question when
6 posed like that?

7 MR. BINNIG: I'll object to the relevance,
8 Your Honor.

9 MR. BOWEN: I'll withdraw it.

10 Q. I'll represent to you that no witness
11 when asked that question could answer that
12 question. Can you accept that with me?

13 A. Okay.

14 Q. Now is it fair to say that this
15 Commission has decided these Project Pronto issues
16 that you're here to testify about here today with
17 the rest of the Ameritech folks three times?

18 A. Certainly some of them have been
19 discussed on three occasions here it appears, yes.

20 Q. Is it fair to say that requiring
21 Ameritech to offer Project Pronto as UNES and
22 requiring Ameritech to allow line card collocation

1 have been addressed and decided three times?

2 MR. BINNIG: Your Honor, again, I'm going to
3 object on relevance grounds. The Commission has
4 granted rehearing, and that's why we're here.
5 That's a fact. We can't change that fact. What
6 occurred before that I don't see the relevance.

7 JUDGE WOODS: Me either.

8 MR. BOWEN: Okay.

9 Q. Well, here's the question, Mr. Ireland.
10 How many times is enough?

11 MR. BINNIG: Same objection, Your Honor.

12 JUDGE WOODS: Sustained.

13 MR. BOWEN: Okay.

14 Q. At the bottom of page 1, Mr. Ireland,
15 you have a sentence on line 29. I'm going to quote
16 it for the transcript context here. You say, "Many
17 of the facts surrounding these concerns" -- and the
18 concerns you're talking about there are the ones
19 we're all familiar with by now, UNEs and line card
20 collocation included -- "Many of the facts
21 surrounding these concerns were not fully explored
22 or explained in the original record because they

1 did not surface until after the Order's
2 requirements were analyzed." Do you see that?
3 I've gone from the bottom of page 1 to the top of
4 page 2.

5 A. Yes, I see that.

6 Q. Okay. Now which order are you speaking
7 of here? Which of the three we identified so far?

8 A. I presume that that would be the tariff
9 order.

10 Q. Okay. And that's the one that, if my
11 notes were correct, came out on March 14th of this
12 year. That's what you mean there, right?

13 A. It's my understanding that the order
14 that's being reheard here, the first I had heard of
15 that was approximately March. Yes, that's probably
16 correct.

17 Q. Okay. I mean as opposed to the
18 arbitration.

19 A. Well, I'm trying to keep the dates
20 straight.

21 Q. I know it's hard. It's hard for me.

22 Okay. But what you're saying here is

1 you couldn't figure out the real problems until
2 after March 14th. That's what you're saying there,
3 right?

4 A. Once we had the order or the information
5 in the order, it's then substantially easier to
6 determine what the impact is going to be.

7 Q. Sure. I don't dispute that, but the
8 date you're talking about there is March 14th,
9 isn't that right, of this year?

10 A. That sounds correct, yes.

11 Q. Okay. Well, why couldn't you figure out
12 some of the operational concerns and so forth after
13 August 17th of last year when the Commission
14 ordered what it ordered? I won't try to
15 characterize it so Mr. Binnig won't object, but it
16 did something back then. Why couldn't you figure
17 out the concerns from that order date forward?

18 MR. BINNIG: And I'll object to the relevance
19 of the question, Your Honor.

20 JUDGE WOODS: It's overruled. You can answer.

21 A. To some degree I would expect we did.

22 Q. Okay. And why couldn't you have had

1 further enlightenment after the rehearing order in
2 the arbitration case on February 15th of this year?

3 A. To some degree I expect we did.

4 Q. Okay. Can you point to any significant
5 difference in your understanding of the outcomes
6 between the rehearing order in the arbitration and
7 the tariff order on March 14th in this case?

8 A. Specifically I know about this case, and
9 so I'm focused on that.

10 Q. Okay. Okay. Now look with me please on
11 page 2, the paragraph that's on lines 8 through 19
12 there, and I want to give you the context for my
13 question so that we don't waste any time here.
14 Okay? You and other witnesses have made a number
15 of claims about suspending Project Pronto DSL
16 deployment, have you not?

17 A. Yes, we have.

18 Q. And I see that in your testimony, and I
19 always see the word DSL as part of that text
20 stream. I see on line 9, for example, the Project
21 Pronto DSL investment. Do you see that?

22 A. I do.

1 Q. Okay. The context of these questions is
2 I will tell you straight out we don't think you've
3 stopped deploying the Project Pronto
4 infrastructure, so I want to ask you about the
5 pieces of that. Is that okay?

6 A. Okay.

7 Q. Okay. Now, you've testified and the
8 documents all show a lot of detail about what
9 Project Pronto in total consists of. Isn't that
10 fair? There's a lot of documents out there besides
11 your testimony that address this issue.

12 A. True.

13 Q. You've got the investor briefing, for
14 example. Right?

15 A. That was not part of this material.

16 Q. Well, but I mean that's a document that
17 you know exists that addresses Project Pronto
18 deployment. Is that fair?

19 A. It addressed it at the time that we
20 initially went into Project Pronto in 1999. That's
21 correct.

22 Q. Fair enough. And before that there was

1 a board vote in June of '99 approving Project
2 Pronto. Isn't that right?

3 A. Sounds approximately correct.

4 Q. And before that there was a SWBT
5 financial department roll-up of all of the pluses
6 and minuses for the board to consider before it
7 voted. Isn't that right?

8 A. I don't recall.

9 Q. And wasn't there a later iteration of
10 that whole business case analysis after SBC bought
11 Ameritech?

12 A. There was some work on that business
13 case after that time, yes.

14 Q. Okay. And Ameritech was rolled in, so
15 it was a 13-state plan before you announced Project
16 Pronto to the world on October 18, 1999. Isn't
17 that a fact?

18 A. That sounds correct, yes.

19 Q. Okay. So when I say the Project Pronto,
20 I mean that whole chunk of stuff. Okay? I mean
21 the whole announcement, all the analysis and
22 everything else.

1 Now, I want to understand what you mean
2 by the Project Pronto DSL investment. I take it
3 you're using DSL for a very particular purpose. Is
4 that right?

5 A. That's true.

6 Q. Okay. You don't mean to suggest by
7 saying Project Pronto investment has been suspended
8 that you aren't putting anything in that's a part
9 of a Project Pronto overall business case, are you?

10 A. There were some things in Project Pronto
11 that were not associated specifically with the DSL
12 deployment.

13 Q. Fair enough. I want to talk about that
14 now. Now I'm going to use some terms I know you
15 know because you're an engineering guy and you're
16 CTO. You've heard the term OCD, right?

17 A. Yes, I have.

18 Q. Okay. That is an ATM switch by some
19 other name, right?

20 A. Essentially.

21 Q. And you're deploying the Lucent CBX 500s
22 outside of Ameritech and Cisco 6400s in Ameritech.

1 Right?

2 A. That's correct.

3 Q. Okay. Now, is the OCD in Illinois, is
4 that part of the Project Pronto DSL investment as
5 you define that term?

6 A. Yes, it is.

7 Q. Okay. So you've suspended deployment of
8 OCDs, if I'm interpreting your testimony correct
9 here, right?

10 A. That's correct.

11 Q. Okay. Now, working from the central
12 office towards the customer premises, the loop
13 plant, outside plant side, isn't it correct that
14 SBC has chosen to deploy in Ameritech and elsewhere
15 a separate fiber system carrying Asynchronous
16 Transfer Mode or ATM traffic originating from the
17 ADSL transceiver units?

18 JUDGE WOODS: Transceiver?

19 MR. BOWEN: Transceiver units.

20 JUDGE WOODS: Thank you.

21 A. Would you repeat that question again,
22 please?

1 Q. Yeah. Separate fibers between the RT
2 and the CO carrying only data ATM cells?

3 A. As part of the DSL roll-out of Project
4 Pronto, we are deploying an ATM capable system.

5 Q. Okay.

6 A. That's true.

7 Q. And that rides under your base
8 configuration on separate fibers between the RT and
9 the central office. Right?

10 A. That's true.

11 Q. And it terminates at the CO on the OCD.
12 Is that right?

13 A. The data portion of that or the ATM
14 portion does, yes.

15 Q. Okay. I don't mean to quibble about
16 fiber distribution frames and things like that. It
17 gets from the field into the OCD into a line card
18 in the OCD. Right?

19 A. Correct.

20 Q. Okay. And that separate ATM fiber
21 between -- used for the data between the RT and the
22 OCD, that's Project Pronto DSL investment. Is that

1 right?

2 A. That's correct.

3 Q. Now have you suspended deployment of
4 those ATM fibers in Illinois?

5 A. We've suspended the investment of fiber
6 specifically for that ATM application, yes.

7 Q. I think I heard you qualify your
8 answer. You said specifically for that
9 application. What do you mean by that?

10 A. We deploy fiber in outside plant for
11 basic POTS telephone service where we have a
12 requirement to reinforce the network for POTS where
13 we use loop carrier equipment. Under those
14 circumstances we are continuing to place fiber for
15 that application.

16 Q. Okay. Well, let's talk about basic
17 feeder plant construction for a minute. You know
18 about that, right?

19 A. Some.

20 Q. Okay. Isn't it true that the feeder
21 cables go out on the points of a compass, geography
22 permitting?

1 A. Typically, yes.

2 Q. North, south, east, west, right?

3 A. Typically, yes.

4 Q. Okay. Under the base Project Pronto
5 configuration, how many fibers on the original plan
6 were suppose to be installed on each of those four
7 main feeder legs?

8 A. It varied.

9 Q. Well, give me the bigger of a number and
10 the smaller suburban number.

11 A. I don't remember the exact numbers, but
12 I'd say they probably range between 100 and 200
13 fibers.

14 Q. Okay. So you're not aware of any base
15 configuration that had more than 400 fibers per
16 compass point lateral -- I'm sorry -- the main
17 feeder route?

18 A. I would have expected that number to be
19 rare.

20 Q. But you do recall between 100 and 200.

21 A. Yes, approximately.

22 Q. Okay. And this is all new construction

1 under Pronto or is it not all new construction?

2 A. I expect that would vary as well.

3 Q. Isn't it true that the base line
4 configuration is that that's a new fiber build on
5 the main feeder routes?

6 A. Without specifically checking the
7 guidelines, I'm not sure.

8 Q. Maybe you should tell me, in your
9 testimony you said you're CTO and you're involved
10 with Pronto deployment. Do you supervise that
11 deployment?

12 A. I do.

13 Q. I guess we could probably find that in
14 SBC's loop plant deployment guidelines, couldn't
15 we?

16 A. Under Pronto I would expect so, yes.

17 Q. And do you recall ever seeing a document
18 that's titled something like SBC Project Pronto
19 Loop Plant Deployment Guidelines?

20 A. Yes.

21 Q. Isn't it true there have been a number
22 of versions to that document?

1 A. Yes.

2 Q. So you've read the document, right?

3 A. I have.

4 Q. Okay. Would that be a good spot to go
5 look for the answer to my question about how many
6 fibers normally would be deployed under Pronto for
7 loop plant?

8 A. I don't know if it's specifically in
9 that document, but that would be one place to look.

10 Q. Okay. And you have no reason to doubt
11 what's in that document, would you?

12 A. To doubt it for what purpose?

13 Q. Its accuracy.

14 A. That the document says what it says?

15 Yes.

16 Q. Okay. Well, you're the CTO. Isn't this
17 the document as it's changed from time to time that
18 OSB engineers are required to use to deploy loop
19 plant throughout the 13 states?

20 A. I haven't seen the document. I don't
21 really know, but what I would tell you is that we
22 have that document available, and that is what

1 should be used for the deployment of that
2 technology.

3 Q. Okay. They're suppose to use that
4 document.

5 A. That's correct.

6 Q. What they do may be a different story.
7 I understand we're talking about people. That's
8 what they're suppose to use. That's the official
9 guidelines. Right?

10 A. Right.

11 Q. Okay. Okay. Whatever number of fibers
12 are being deployed, am I right that you're not
13 building relief fibers, if you will, for non-data
14 services separately from what we call in the ATM
15 fibers to serve DSL? You're building them all at
16 once. Isn't that right?

17 A. We built Project Pronto as an overlay,
18 so what we attempted to do is we attempted to build
19 the fiber requirements out for a number of years
20 that would be required at that site.

21 Q. Okay, but isn't what that means -- I
22 appreciate that, but isn't what that means that if

1 you have a need for fiber, whether it's driven by
2 non-DSL or DSL or both, that your Pronto deployment
3 plan calls for you to place fiber all at once for
4 both those -- both or either of those purposes?

5 A. That's correct.

6 Q. Okay. In other words, you don't roll
7 the crews out, dig up the street, put in the
8 conduit for non-DSL, send them all home, and then
9 send them out again to roll out and dig out for the
10 DSL fiber build. Right? It's one build.

11 A. When we were building Pronto, it's one
12 build. That's correct.

13 Q. Okay. Okay.

14 So I take from those answers that when
15 you say that the separate ATM fibers on a going
16 forward basis are DSL investment that you've
17 suspended, I guess I should ask you how we should
18 interpret that. Have you suspended then -- strike
19 that. Bad question. It will be frequent; I warn
20 you.

21 You've got -- when you decided to
22 suspend Project Pronto DSL investment, you weren't

1 done with placing the outside plant, fiber, and RTs
2 in Illinois, were you?

3 A. I don't believe so, no.

4 Q. Okay. So is it fair to say that what
5 you've done is to stop some portion of that
6 construction cycle in Illinois?

7 A. Yes.

8 Q. Okay. Now, when you have fiber builds
9 that you had planned to make unified builds, as you
10 just said, for DSL and non-DSL purposes, have you
11 suspended the non-DSL purpose as well? This is
12 fiber now.

13 A. I'm not specifically sure.

14 Q. Okay. Who do you think would know the
15 answer to that question? Of your witnesses I mean.
16 Do you think Mr. Keown would know?

17 A. Mr. Keown or perhaps Mr. Boyer.

18 Q. Okay. One of the good things about
19 going first is you get to refer questions
20 downstream, so we'll ask those gentlemen that
21 question.

22 All right. Now what about the plug-in

1 cards, the so-called ADLUs? You know about those,
2 right?

3 A. I know what they are, yes.

4 Q. Okay. Those are the cards you use to
5 support ADSL in an RT, correct?

6 A. Yes.

7 Q. Are the ADLU cards deemed by you to be a
8 Project Pronto DSL investment?

9 A. Yes, they are.

10 Q. So you've stopped placing those cards in
11 the channel bank assembly chassis, right?

12 A. Those that are DSL capable are no longer
13 being placed.

14 Q. Right. Okay. And so -- but there are
15 other kinds of cards that go in those chassis,
16 aren't there?

17 A. Yes, there are.

18 Q. POTS cards, ISDN cards, HDSL cards and
19 so forth. Right?

20 A. I don't believe I have an HDSL card yet,
21 but, yes, I have the others.

22 Q. You don't have a four-wire HDSL card?

1 A. I have a four-wire, yes. I stand
2 corrected. I have a four-wire HDSL card.

3 Q. You don't have a HDSL2 card yet. Is
4 that what you're saying?

5 A. Correct.

6 Q. When you say no longer being placed, I
7 take it that there were some that were already
8 placed in your base configuration before you
9 decided to suspend the Project Pronto DSL
10 investment. Is that right?

11 A. That's correct.

12 Q. What's happened to those?

13 A. Those have been pulled and reapplied in
14 other locations.

15 Q. Okay. So you sent people out to the
16 RTs, pulled the cards out, and sent them to other
17 states? Is that right?

18 A. They may have gone to a warehouse first,
19 but they are being reapplied elsewhere, yes.

20 Q. So they could still be in a warehouse in
21 Illinois? Is that what you're saying?

22 A. Could be.

1 Q. Could be.

2 Okay. Now what about the whole
3 structure that these cards plug into, that is the
4 LiteSpan 2000/2012 platform? Have you stopped --
5 you can upgrade those or you can put new ones in.
6 Right?

7 A. Which type are you talking about? The
8 2000 or the 2012?

9 Q. Let's do 2000 first. You can upgrade
10 that.

11 A. That can be upgraded for DSL, yes.

12 Q. Okay. And that's the following steps,
13 if I've got it right. You've got to switch out the
14 bank control units with an ATM bank control unit.
15 Right?

16 A. Sounds correct.

17 Q. Or ABCU, right? That's what you call
18 it.

19 A. Sounds correct.

20 Q. You've got to have Alcatel software load
21 10.1 or above. Right?

22 A. Sounds correct.

1 Q. And you've got to plug in ADLU cards.

2 A. That sounds correct.

3 Q. You have to have enough fiber coming out
4 of the back of that DLC to be able to handle the
5 two ATM or the ATM bit stream that comes out of the
6 back of the ABCU channel bank assemblies. Right?

7 A. You have to have fiber to do that;
8 that's right.

9 Q. Okay. Have you stopped -- so it is
10 possible then to upgrade an existing LiteSpan 2000
11 as I just described, right, to be Pronto capable?

12 A. It is possible to do that. It's not
13 what we do in all instances.

14 Q. But you do it in some, don't you?

15 A. Yes, we do.

16 Q. In Illinois.

17 A. Yes, we do.

18 Q. Okay. Are you still doing that?

19 A. No, we are not.

20 Q. Okay. So you're not upgrading LiteSpan
21 2000s to, as I described, do the ABCUs and the rest
22 of the stuff, right? That's part of the

1 suspension.

2 A. Correct.

3 Q. Okay. Okay. What about LiteSpan 2012s?

4 Can you upgrade those to be Pronto capable?

5 A. Yes, you can.

6 Q. Okay. And have you done that in
7 Illinois?

8 A. To the degree that we had a 2012 here,
9 yes.

10 Q. Okay. And have you stopped upgrading
11 those 2012s as part of your suspension of Pronto
12 DSL investment?

13 A. Yes, we would.

14 Q. Did you answer yes we have or yes, we
15 will? I'm sorry. I didn't hear your answer.

16 A. Yes, we have.

17 Q. Okay.

18 Now, you also have been planning at
19 least to place new RTs, right?

20 A. That's true too.

21 Q. Okay. Throughout the 13-state region.

22 A. That's correct.

1 Q. And you had done so in Illinois up until
2 you suspended deployment. Right?

3 A. That's correct.

4 Q. Are you still deploying new RT locations
5 post-suspension?

6 A. Those that are required for POTS growth,
7 yes; all others, no.

8 Q. Is it just POTS growth?

9 A. Yes.

10 Q. How about T1 rolls?

11 A. We're actually relooking at T1 rolls.
12 It is likely that many of those would not be
13 required if we suspend Pronto in Illinois.

14 Q. And what kind of circumstances require
15 placement of the new RT for as you put it POTS
16 relief?

17 A. Typically if the feeder is requiring
18 augmentation. If you're on a loop that is of a
19 particular length and the guidelines stipulate that
20 length, it calls for using digital loop carrier.
21 Under those circumstances we do use the LiteSpan
22 2000 and the LiteSpan 2012 as our growth vehicle

1 for those applications.

2 Q. Okay. And so I take it that there is
3 growth in Illinois that requires that kind of
4 additional investment.

5 A. There has been some I would expect, but
6 growth is down in Illinois.

7 Q. Well, do you know how many new LiteSpan
8 2000s and new LiteSpan 2012s housed in new RTs are
9 schedule for deployment in Illinois even in the
10 face of the so-called suspension of the Project
11 Pronto DSL deployment?

12 A. Not specifically, no.

13 Q. Do you know if Mr. Keown would know
14 that?

15 A. Don't know.

16 MR. BOWEN: Well, let me just track this with
17 a request of counsel for Ameritech. I'm happy to
18 have Mr. Keown answer the question or Mr. Boyer,
19 but I'd like to know how many RTs are still
20 schedules for deployment even post-suspension for
21 the purposes that Mr. Ireland identified.

22 Q. Okay. So you've got OCDs that you've

1 stopped deploying, separate ATM fibers, ADLUs, and
2 new RTs driven only by Pronto. Right?

3 A. Correct.

4 Q. Is there anything else you've stopped
5 doing because of your suspension?

6 MR. BINNIG: Does that include the upgrading
7 issue you discussed?

8 MR. BOWEN: Yes.

9 MR. BINNIG: I didn't hear that on your list.

10 MR. BOWEN: Yeah.

11 A. I'm not sure, but I don't think so.

12 Q. Okay.

13 Okay. Now you mentioned the word
14 overlay a little while ago, and it's been a word
15 that we've all been trying to understand here. On
16 page 2 of your testimony you say that Pronto -- I'm
17 at line 11 and 12. You say Pronto DSL investment
18 does not relate to the historic, legacy network
19 used to provide voice-grade telecommunications
20 service. Do you see that?

21 A. Yes, I do.

22 Q. Okay. What's the historic, legacy

1 network I guess is the question? Let me ask you a
2 couple of examples. Do you think that all copper
3 loop plant is legacy?

4 A. Yes.

5 Q. Okay. Do you think that --

6 A. All existing copper loop plant, yes.

7 Q. I mean, you know, end to end from
8 premises to the office. That's part of the legacy
9 network in your definition?

10 A. Yes.

11 Q. Okay. What about AMI Tls on copper? Is
12 that legacy?

13 A. I would expect so, yes.

14 Q. Okay. What about universal digital loop
15 carrier fiber driven systems? Is that legacy?

16 A. For POTS, yes.

17 Q. What about integrated digital loop
18 carrier systems driven by fiber? Is that legacy?

19 A. Yes.

20 Q. Okay. What about next generation DLC
21 driven by fiber but not Pronto equipped? Is that
22 legacy?

1 A. Yes.

2 Q. So what's the transforming point here?

3 All those are deployed in your loop plant in
4 Illinois, right? The ones I just said, that's all
5 part of the legacy network?

6 A. Those are all deployed in the loop plant
7 in Illinois, yes.

8 Q. And you're considering next generation
9 digital loop carrier systems to be part of the
10 historic, legacy network. Is that right?

11 A. With an application for POTS only, yes.

12 Q. No, I'm asking you application for all
13 current services and supports except for DSL.
14 Isn't that in your definition?

15 A. Yes, I accept that.

16 Q. Okay, and that includes a lot more than
17 POTS, doesn't it?

18 A. Yes, it does.

19 Q. Okay. Can you think of anything else
20 besides POTS that that network supports?

21 A. T1, coin, ISDN.

22 Q. Can you think of any service that

1 Ameritech currently offers besides perhaps metallic
2 alarm circuits that aren't supported by a next
3 generation DLC platform?

4 A. I would expect they could be supported
5 by that. There may be a couple, but I'm not aware
6 of them.

7 Q. Okay.

8 JUDGE WOODS: Excuse me. Wasn't the question
9 are not? I thought the question was that are not
10 supported.

11 MR. BOWEN: Yes.

12 JUDGE WOODS: And I think the answer was they
13 could be.

14 MR. BOWEN: Well, let me ask it -- I'm sorry.
15 Let me ask it again.

16 Q. Besides metallic alarm circuits, can you
17 think of any current service provided by Ameritech
18 Illinois that can't be offered on an NGDLC
19 platform?

20 A. You know, there may be a couple.
21 P-phones is an example I don't believe can be
22 supplied from that platform, but I don't think

1 they're a large number.

2 Q. Okay.

3 JUDGE WOODS: What's a P-phone?

4 A. It's a Nortel specific proprietary
5 digital telephone system.

6 Q. Okay. And so if you're upgrading an
7 NGDLC for Pronto, we've already agreed that all
8 you're doing is switching out BCUs with ABCUs,
9 upgrading the software load, and inserting ADLU
10 cards, right, at the RT? That's all you're doing.

11 A. I think you'll find in most cases I'm
12 actually building an entirely new system, complete
13 overlay system. There are a handful of
14 circumstances where, in fact, I am upgrading
15 embedded base in a way consistent with the way
16 you've described it.

17 Q. Okay. Well, let's speak about the ones
18 where you're not upgrading, where you're installing
19 new RTs. Are you testifying that those will only
20 be used for DSL?

21 A. Initially, yes. When we put a DSL
22 customer on, we do roll the underlying POTS with

1 them, but we are not placing POTS only on the
2 Pronto platforms.

3 Q. And you can say that of your personal
4 knowledge without qualification in Illinois. Is
5 that your testimony?

6 A. The specific guidelines call for not
7 placing POTS on those platforms until the
8 underlying existing network, the copper network,
9 has been completely consumed. It's only at that
10 point that we begin to use the Pronto
11 infrastructure for what I'm calling POTS growth,
12 which would include those other services that I've
13 just described.

14 Q. So it is possible to deploy Pronto RTs
15 and the supporting infrastructure to serve POTS
16 only.

17 A. Technically possible. It's not what we
18 were doing.

19 Q. Is it your testimony that in no case in
20 Illinois were you deploying anything besides line
21 shared DSL on Pronto facilities, Pronto RTs?

22 A. Again, the first choice was to utilize

1 the underlying core network. Only after the
2 underlying core network was completely exhausted
3 were we trying to place services on the Pronto RTs
4 that fall into the category I'm describing as POTS
5 and similar type services.

6 Q. I understand the order of choice. What
7 I thought I heard you say was you never got past
8 door number one. That is you always deployed
9 Pronto RTs, and you never had to roll POTS only or
10 other services on the platform. Did I mishear your
11 answer? Illinois now, Illinois only.

12 A. Well, the circumstances are that the use
13 of the next generation digital loop carrier for
14 Pronto is one application. That's the DSL
15 application. We've also used that same platform,
16 as I've indicated, for basic POTS growth when the
17 loop length was of a particular length, the
18 specified length, to be able to reach more distant
19 customers. The strategy was as we build Pronto as
20 an overlay, as a new network, we dedicate that
21 platform for the purpose of providing DSL
22 subscribers, and ultimately as DSL subscribers take

1 that service, we roll them off the underlying
2 copper or the existing network onto the DSL
3 platform. When we do that, we took the POTS
4 service with it. That, in turn, freed up copper
5 feeder plant. We'd be able to reuse that for POTS
6 only service.

7 Q. I understand all that. You said that it
8 was going to be deployed I think you used the word
9 initially in the fashion you described. Is that
10 right?

11 A. That's correct.

12 Q. Okay. Now, you've been around
13 telecommunications for 35 years, Mr. Ireland. Do
14 you think the right view of outside plant is best
15 described as a snapshot or as a movie?

16 A. I'm not sure the context of the
17 question. Could you say it differently?

18 Q. Okay. Well, your deployment plans for
19 Pronto don't start and stop with providing line
20 shared ADSL on that platform, do they?

21 A. That's their initial intent.

22 Q. That wasn't my question, Mr. Ireland. I

1 said they don't start and stop there, do they?

2 A. It is possible if the underlying feeder
3 is exhausted, we would then move to using the
4 Pronto NGDLC for being able to provide future POTS.

5 Q. I had more in mind providing a lot more
6 services than just ADSL on this platform. Are you
7 aware of any plans along those lines?

8 A. We've looked at some other services, but
9 not a huge number.

10 Q. And which other services would those be?

11 A. We've looked at the HDL or HDSL2 that
12 you just described. That has been something that
13 we have considered for use on this platform.

14 Q. That's it?

15 A. No. We've looked at G.SHDSL on this
16 platform. We haven't done anything with that yet,
17 but we have considered it as a possible application
18 here.

19 Q. Now that's a 2.3 megabit symmetrical
20 service. Is that right?

21 A. That's correct.

22 Q. Is that it then, those two?

1 A. To the best of my knowledge, yes.

2 Q. Okay.

3 Q. On page 3 of your testimony and
4 elsewhere you and others talk about overlay
5 network. What's the significance of this term to
6 you? I mean I just have to tell you that I don't
7 get it. What's the import of using the term
8 overlay versus upgrade?

9 A. The term overlay simply was used to
10 acknowledge that this is a technology that we are
11 building as new infrastructure rather than a change
12 in the embedded base.

13 Q. Okay. Well, didn't you build new
14 infrastructure when you went from all copper loops
15 to pair gain AMI T1s?

16 A. I used a different technology for that.

17 Q. Wasn't that new infrastructure from what
18 had been there the previous day?

19 A. For a particular office application and
20 a particular customer it is a new piece of
21 technology.

22 Q. Is that a yes?

1 A. I'm struggling with infrastructure.

2 Q. How about loop plant?

3 A. It's a piece of technology that's
4 actually at the customer's prem. It's not in the
5 loop plant. It's a piece of technology that's
6 typically used in the central office to be able to
7 provide a T1 on a copper pair. It's a new
8 technology or was a new technology when it was
9 initially rolled out several years back.

10 Q. So your testimony is that you don't
11 require any repeater of AMI T1s say every 3,000
12 or 4,000 feet in the loop plant?

13 A. No, there are repeaters required in
14 that. It's a fairly old technology.

15 Q. But then it was new, right? When you
16 first went from non-pair gain copper plant to AMI
17 T1s, you had to install new equipment, didn't you?

18 A. New electronics, yes.

19 Q. Okay. And that included field repeaters
20 on loops that were long enough to require them,
21 didn't it?

22 A. Yes.

1 Q. And when you went from that to the first
2 generation digital loop carriers that were fiber
3 driven, you had to install new fiber, didn't you?

4 A. It didn't necessarily have to be new.
5 It may have been there for other purposes, but they
6 are fiber-fed. The first ones were not. The first
7 ones were copper-fed.

8 Q. Okay. They used AMI T1s on the way back
9 to the office, right?

10 A. Most, yes.

11 Q. Okay. Because you can't do anything
12 above a T1 on a copper circuit before DSL, right?
13 That was it.

14 A. True.

15 Q. Okay. So if you want to do a DS3 or an
16 OC level service eventually, you'll have to use
17 fiber, right?

18 A. That's correct.

19 Q. So you deployed new investment in fiber,
20 right?

21 A. To the degree that I needed to provide
22 those services to end users, I provided them on

1 fiber. It's the only medium that will do that.

2 Q. And you did deploy fiber in Illinois,
3 didn't you?

4 A. I have deployed fiber in Illinois, yes.

5 Q. Okay. And then when you moved from
6 universal DLC to integrated DLC, did that require a
7 new investment?

8 A. It's a different type of technology,
9 yes. I purchased switching equipment to do that,
10 and I purchased equipment at the DLC site to do
11 that.

12 Q. Okay. So you've got to buy new central
13 office terminals?

14 A. TEM-based service, but yes.

15 Q. Okay. Got to buy new equipment at the
16 RT for the DLC, right?

17 A. Yes.

18 Q. Okay. Then when you went from universal
19 to integrated -- did I already do that?

20 MR. BINNIG: Yes, you did.

21 MR. BOWEN: Okay. Sorry.

22 Q. When you went from integrated to next

1 generation, GR303 compliant facilities, did that
2 require new investment?

3 A. It would if the upgrade were done in
4 that manner. It was not.

5 Q. So I'm getting the impression from what
6 you're saying that your loop plant in Illinois and
7 elsewhere has gone through a kind of continual
8 series of improvements and upgrades with new
9 technology and new investments. Is that a fair
10 conclusion to draw?

11 A. For certain types of services, yes.

12 Q. Okay. In fact, for all kinds of
13 services except for DSL. Isn't that fair?

14 A. Different technologies are used for many
15 of those services, yes.

16 Q. I thought we agreed already that your
17 NGDLC platform pre-Pronto will support essentially
18 all of your services.

19 A. Nearly all, yes.

20 Q. Okay. So is the only difference between
21 the new investments and new technologies happened
22 over the last 20 or 30 years and what you're

1 calling the overlay is the fact that it's now DSL?

2 Is that the difference here?

3 A. I'm placing it for DSL. That's the
4 application that I'm actually building it for.
5 Again, we're using the old infrastructure to be
6 able to place existing or legacy services on the
7 old infrastructure.

8 Q. All right. And, again, you said
9 initially when you talked about the services that
10 you might provide on this platform over some period
11 of time, you and other witnesses have said that you
12 plan to leave the existing all copper loop plant in
13 place even after Pronto deployment for some period
14 of time. Is that right?

15 A. That's correct.

16 Q. Is that forever?

17 A. Certainly for as far as I can see into
18 the future.

19 Q. How far can you see in the future?

20 A. I mean it's difficult to know at what
21 point it will become reasonable and economic to
22 take the copper out, but I would tell you I don't

1 foresee that for many years.

2 Q. I'm not talking about taking the copper
3 out. I'm talking about migrating services off of
4 copper onto the Pronto platform and leaving those
5 facilities just dead in place.

6 A. I do not have any --

7 Q. I don't want to talk about pulling
8 copper out.

9 A. Excuse me.

10 Q. Are you saying that as long as you can
11 see into the future, you will not be doing any
12 wholesale rehoming or regrooming of facilities off
13 of all copper onto Pronto?

14 A. That's correct.

15 Q. And, again, what is your perspective?
16 Is it ten years? Fifteen years? Twenty years?
17 You're the CTO.

18 A. It's very difficult to tell.

19 Q. Give me a notion of what you have in
20 mind when you say as far as I can see.

21 A. The market changes very quickly. It's
22 just difficult to know, but I would say that my

1 best estimate is five to ten years we would not do
2 that.

3 Q. Okay. You have a commitment, a
4 regulatory commitment, for leaving copper in place
5 up through what date? Do you know?

6 A. I don't remember the specific date.

7 Q. Do you have any idea what it is?

8 A. I don't recall.

9 Q. It's not five or ten years, is it?

10 A. I don't believe.

11 Q. Isn't it 2003 or thereabouts? Isn't
12 that right?

13 A. I don't remember the specific date.

14 Q. Okay.

15 On page 3 of your testimony at lines 12
16 through 19 -- Your Honor, I don't know what your
17 preferences are for a lunch break, but if I could
18 just finish with this, I would be okay with a
19 break?

20 JUDGE WOODS: How much have you got left?

21 MR. BOWEN: A lot.

22 JUDGE WOODS: Wonderful.

1 MR. BINNIG: So what does that mean?

2 MR. BOWEN: That means I have a lot.

3 MR. BINNIG: Can you give me an estimate?

4 Five to ten years?

5 (Laughter)

6 MR. SCHIFMAN: As far as I can see.

7 MR. BOWEN: I'm on page 4. I can see the end
8 of my cross.

9 MR. BINNIG: Are we talking about the rest of
10 the day for Mr. Ireland is what I'm trying to get
11 at?

12 MR. BOWEN: I don't think so, not from my
13 perspective. If I could just -- I don't know when
14 you want to take a break.

15 JUDGE WOODS: Go ahead.

16 MR. BOWEN: Okay.

17 Q. Again, on page 3, Mr. Ireland, lines 12
18 through 18, do you see that there?

19 A. I do.

20 Q. This is part of your summary, right?
21 The single spaced page with the bullets, that's
22 part of your summary. This is not a trick

1 question. Is that part of your summary?

2 A. Say it again, please.

3 Q. Is this part of the summary of your
4 testimony?

5 A. Yes, it is.

6 Q. Okay. There you say there's four
7 distinct technologies, and they are cable modem,
8 DSL, wireless, and satellite. Right?

9 A. Correct.

10 Q. And then you say, the last sentence is:
11 "None of the companies that use these four
12 competing technologies is dependent on the
13 facilities or networks of their competitors." Do
14 you see that?

15 A. Yes, I do.

16 Q. Now I don't know how to take that with
17 respect to DSL so I want to ask you about that. Is
18 it your testimony that DSL carriers like Rhythms
19 and Covad have deployed their own overlay copper
20 loop plant to serve their customers?

21 A. It was meant to be able to say that a
22 DSL provider is not reliant on a cable provider for

1 their infrastructure to provide DSL, nor is a cable
2 provider reliant on a satellite provider or a
3 wireless provider to provide their service.

4 Q. Okay. Well, tell us directly then,
5 please, who does a DSL carrier like Rhythms or
6 Covad depend on for their loop infrastructure?

7 A. They get it from us, the ILEC. That's
8 one option. They can build it themselves. They
9 could do a variety of other things.

10 Q. Okay. So in that sense they're
11 dependent on the facilities or networks of SBC.
12 Right?

13 A. They could be. It's their choice.

14 Q. They can choose to use unbundled loops
15 -- again, forget -- you're not talking about line
16 sharing here. You're talking about other kinds of
17 stand-alone DSL, right?

18 A. I'm saying they could provide DSL over
19 their own facilities if they elected to do so.

20 Q. Okay. So it's your UNE loops or do it
21 yourself. That's what you're saying here, for DSL
22 carriers. Right?

1 A. Yes.

2 Q. Okay.

3 Okay. On page 4 of your testimony, the
4 last carry-over bullet of your summary talks about
5 the operational impacts of the order and references
6 a very large number on line 10, \$500 million or
7 more. Do you see that?

8 A. Yes, I do.

9 Q. Now are you relying for that statement
10 on Mr. Keown's testimony?

11 A. Yes, I am.

12 Q. Okay. That is you have no independent
13 analysis to present that yields that number.
14 You're relying on James Keown. Is that right?

15 A. That's correct.

16 Q. And you're off the hook for those
17 questions. I'll ask him.

18 All right. At the bottom of the page
19 you have a lot of responsibilities, including
20 technology research. Do you see that? Line 30?

21 A. Yes, I do.

22 Q. That's also known as TRI. Is that

1 right?

2 A. That's correct.

3 Q. Is that kind of SBC's labs, if you will?

4 A. Essentially, yes.

5 Q. They test new service platforms and
6 technologies for approval for use within your 13 -
7 state region. Is that right?

8 A. They do.

9 Q. Okay. Okay. So are they in the process
10 right now of technical trials of voice-over-DSL
11 equipment?

12 A. They are looking at voice-over-DSL
13 equipment, yes.

14 Q. Okay. And when did they start doing
15 that?

16 A. They've been doing it for sometime,
17 perhaps two to three years.

18 Q. Okay. And what vendors are they looking
19 at?

20 A. They've looked at a variety of different
21 ones.

22 Q. Do you recall any of the manufacturers'

1 names?

2 A. Alcatel, CopperCom, Jet Stream. We've
3 looked at several.

4 Q. Okay. And do all or any of these
5 manufacturers, are they offering up a product for
6 test that would give voice-over-DSL using the ADSL
7 type of DSL?

8 A. That is specifically what they do, yes.

9 Q. All of them do that.

10 A. Yes.

11 Q. Okay. Which of those vendors or do any
12 of those vendors believe that they have a current,
13 commercially available product?

14 A. Many of them believe they have a
15 currently available product. We do not necessarily
16 concur with that statement, with those statements.

17 Q. Which ones think that they're ready for
18 commercial roll-out?

19 A. My guess is if you talked to most of
20 them, they'd say they're ready.

21 Q. Okay. And in your role as Chief
22 Technology Officer, when do you expect that the TRI

1 will complete its testing and evaluation and
2 approve for deployment one or more of these
3 vendors?

4 A. I'm not convinced we'll ever approve for
5 deployment one or more of these, but my best
6 expectation right now is that late next year the
7 technology will mature to a point where we would
8 consider possibly deploying.

9 Q. And would you deploy voice-over-DSL on
10 what is currently known as the Project Pronto
11 architecture? Let's say outside Illinois for a
12 moment.

13 A. We would use the ADSL functionality to
14 do that, yes, if we were to deploy.

15 Q. Okay. And if you did deploy it, I take
16 it you would use -- well, let me ask you. Would
17 you use the constant bit rate quality of service
18 class?

19 A. I expect so for voice, yes.

20 Q. Okay. And am I right that Alcatel in
21 Release 10.2 supports CBR QoSs?

22 A. To the best of my knowledge, yes.

1 Q. So in terms of your platform, that is
2 your Pronto infrastructure that you're deploying
3 outside of Illinois and deployed partially here,
4 that platform could support voice-over-DSL right
5 now? Is that right?

6 A. No, I don't believe it would support
7 voice-over-DSL today, simply given the state of
8 what we believe the technology is in.

9 Q. And is that a function of the
10 voice-over-DSL manufacturers? They aren't ready?
11 Is that what you're saying?

12 A. The technology itself would not be ready
13 based on our requirements for what we need to
14 provide voice-over-DSL based on what I currently
15 know. We have not had a supplier successfully
16 deliver and build a product that we think is
17 deployable.

18 Q. Okay. Now I take it that you plan to
19 have Project Pronto, wherever it's deployed, have a
20 useful life of more than say two years.

21 A. Yes, I expect that's so.

22 Q. Okay. What do you think the useful life

1 is of the Project Pronto architecture?

2 A. Ten plus years.

3 Q. Okay. What do you think -- well, isn't
4 it true that your engineers, your outside plant
5 engineers, are planning the Pronto deployment and
6 the associated construction on that kind of time
7 cycle?

8 A. I'm not sure. I don't believe that they
9 are building infrastructure to that time cycle, but
10 I would expect they would have lifetime
11 expectancies that would be similar to what I've
12 described, yes.

13 Q. Okay. I'm not suggesting that they're
14 building right now for ten years of growth. I'm
15 saying aren't they taking account of the fact that
16 they and you expect this platform to be the best
17 technology out there for ten plus years?

18 A. There may be alternatives, but I would
19 expect this technology will last about that long,
20 yes.

21 Q. Okay. And so they're considering what
22 may happen in terms of need to support things,

1 insofar as they can see them, not just today but
2 over a ten-year period. Isn't that right?

3 A. I would expect they would think about
4 that, yes.

5 Q. Okay. So I want to come back to my
6 snapshot/movie analogy. If you're an outside plant
7 engineer or planner, aren't you trying to basically
8 make a movie and not take a picture?

9 A. I think a little of both. Any outside
10 plant engineers are very focused on what the
11 requirements are in the short term.

12 Q. Sure. They have to be so they cannot
13 run out of capacity, right?

14 A. That's correct.

15 Q. But they also have to focus in the long
16 term, don't they?

17 A. They have to look at that; that's true.

18 Q. Okay.

19 At the top of page 6, Mr. Ireland, you
20 say on lines 1 and 2, and I'm going to quote you
21 again here for the transcript, "Project Pronto is
22 SBC's \$6 billion initiative to deploy new equipment

1 in its network to extend high-speed Internet access
2 via DSL technology to a substantially larger
3 portion of our customer base than would otherwise
4 readily receive DSL service." Do you see that?

5 A. Yes, I do.

6 Q. Okay. Isn't it more accurate to say
7 that Project Pronto is not just for Internet
8 access?

9 JUDGE WOODS: Just for what?

10 Q. Not just for Internet access?

11 A. It is certainly focused on Internet
12 access and high-speed access.

13 Q. Are those two different things?

14 A. They can be.

15 Q. Well, did you mean to subsume high-speed
16 access and Internet access in your testimony I just
17 quoted you?

18 A. Ask the question again, please.

19 Q. Well, you said it basically is about one
20 thing, if I'm reading your testimony correctly.
21 It's about -- you're spending \$6 billion to extend
22 high-speed Internet access to customers. That's

1 what you're saying here, right?

2 A. That may be somewhat of a narrow
3 depiction of what I'm trying to say here. It's
4 high-speed Internet access. It's really high-speed
5 services. Internet access is the predominant use
6 for this technology today.

7 Q. That's kind of the snapshot view, right,
8 as opposed to the movie view?

9 A. If you'd like to qualify it that way.

10 Q. Well, wouldn't that be a fair way to
11 think about it? Today it's used for Internet
12 access. That's a snapshot, right?

13 A. It's the predominant use of the
14 technology. I don't know everything about what it
15 might be used for in the future.

16 Q. Okay. Well, your company has said
17 things about what it could be used for in the
18 future to the world, has it not?

19 A. We have said some things about that,
20 yes.

21 Q. Okay. And you've heard of the 1999
22 investor briefing, haven't you?

1 A. I have seen it, yes.

2 Q. Okay. Now you're a senior executive of
3 the company. You know, do you not, that the
4 Securities and Exchange Commission requires honesty
5 and full disclosure in statements to investors?

6 A. Yes.

7 MR. BINNIG: I object to the extent it calls
8 for a legal conclusion.

9 MR. BOWEN: I'm not asking for legal
10 conclusion, and he answered.

11 MR. BINNIG: I'm still going to object.

12 JUDGE WOODS: Overruled.

13 Q. I take it that you believe that your
14 company takes those, whatever laws might apply
15 along those lines, seriously. Is that fair?

16 A. Yes.

17 Q. So would it be fair to conclude that in
18 any communications with your shareholders,
19 including the October '99 investor briefing, SBC
20 was being as honest, truthful, and was fully
21 disclosing all material information to investors?

22 A. As a forward-looking projection, yes.

1 Q. Okay. Would it be fair to say that
2 Project Pronto is much more than a local loop or
3 DSL strategy?

4 A. When it was initially designed, yes,
5 that's true.

6 Q. Would it be fair to say that Project
7 Pronto was designed to transform SBC into a
8 broadband service provider capable of meeting all
9 customers' needs for data, voice, and video
10 products?

11 A. That was our hope at the time that we
12 did that, yes.

13 Q. Would it be fair to say that Project
14 Pronto would position SBC to effectively and
15 efficiently capitalize on changes in technology as
16 well as changes in customer demand?

17 A. Again, that was our hope, yes.

18 Q. Well, do you think that this is all just
19 about hopes, these investor briefings, Mr. Ireland?

20 A. No, but over a two-year period things
21 change, and that was an estimate of what we were
22 hopeful would happen, and it was something that we

1 had planned carefully for and attempted to
2 implement.

3 Q. Well, wasn't it more than hope? Wasn't
4 it, in fact, the company's best informed view of
5 what it told investors in October of '99?

6 A. Yes, it was.

7 Q. Okay.

8 Wouldn't it be true to say that Project
9 Pronto deployment will give SBC the flexibility to
10 readily move to other voice protocols, including
11 voice-over-ATM, voice-over-ADSL, and ultimately
12 voice-over-IP?

13 MR. BINNIG: Your Honor, just to interject
14 just to try to speed this up, if Mr. Bowen just
15 wants to read provisions from a document that's
16 already an exhibit in this record, we will
17 stipulate the exhibit says what it says. That's
18 what's going on here.

19 MR. BOWEN: I know what the document says,
20 Your Honor. I want the witness to say whether he
21 agrees or not that this is what he saw at this
22 time. He's the Chief Technology Officer. He

1 should know whether this is accurate or not. If he
2 disagrees, he should say so.

3 MR. BINNIG: I don't think we've ever
4 represented that it was inaccurate. You're
5 creating a straw man here to waste time.

6 JUDGE WOODS: I think we are wasting a little
7 time. Why don't we mark -- how much have you got
8 left on it?

9 MR. BOWEN: I'll cut some of those examples
10 out and just do a couple more.

11 JUDGE WOODS: If you can just focus on what
12 you feel are the one or two most important ones.

13 MR. BOWEN: Okay. It's already an exhibit I
14 think attached to Terry Murray's testimony below.

15 JUDGE WOODS: That's my recollection as well.
16 I'm sure it's an exhibit. I'm not sure which
17 witness.

18 MR. BOWEN: Okay.

19 Q. Now, this \$6 billion is not all about
20 DSL deployment, is it, Mr. Ireland?

21 A. No, it's not.

22 Q. Do you recall at the time what percent

1 was DSL and what percent was something else?

2 A. Something less than 75 percent was in
3 the DSL arena I believe.

4 Q. Okay. And is it true that at the time
5 almost \$2 billion was projected to be spent to
6 upgrade other portions of your network in 13 states
7 to improve efficiency?

8 A. And on other things, but yes.

9 Q. Well, do you disagree then with the
10 statement here that says as follows: "SBC intends
11 to spend an additional 1.8 billion to upgrade other
12 portions of its network in order to improve
13 efficiency"?

14 A. That sounds accurate.

15 Q. Now I thought you said in an answer a
16 little while ago that the T1 rolls were not a
17 significant part of Pronto. Do you remember saying
18 that?

19 A. I don't believe I stated it precisely
20 like that, no.

21 Q. What do you recall stating it as? Or
22 what is?

1 A. Excuse me?

2 Q. What is? What role do T1 rolls -- what
3 R-O-L-E do T1 R-O-L-L-S have in Pronto?

4 MR. BINNIG: Today?

5 Q. As of this investor briefing.

6 A. Their role was to be able to clear high -
7 powered repeater T1s out of the network and to move
8 them on to either a fiber infrastructure or a more
9 nonintrusive infrastructure for DSL as an example
10 to an HDSL platform which radiates less noise.

11 Q. Well, then I take it then you're
12 disagreeing with the statement that would say that
13 as of that date one-fourth of the 1.8 billion, or
14 450 million, was targeted to upgrading a
15 significant number of locations currently served
16 via copper- based DSLs to new, lower cost fiber
17 facilities.

18 A. Yeah. The hope was that they would be
19 able to place a large percentage of them on fiber.
20 I don't believe the intent was ever to place them
21 all on fiber.

22 Q. At the time would you agree that another

1 \$450 million was to be targeted for moving existing
2 voice lines to new fiber-fed remotes?

3 A. I would expect we would have done that
4 as part of the DSL growth. So as we did DSL lines,
5 we would have moved POTS lines with them.

6 Q. Would it be fair to say that if you have
7 in mind now the investor briefing, you answered
8 that all you could think of were a couple of
9 services, and I can't recall what they were, but
10 they weren't these two, and I'm going to mention to
11 you now, I take it it was HDSL2 and G.SHDSL. Do
12 you recall saying those might ride Pronto?

13 A. That's correct.

14 Q. Okay. Would you then disagree that at
15 the time Pronto was announced that SBC was
16 targeting \$500 million in net revenue by 2004 for
17 new products including switched virtual circuits,
18 voice-over-DSL, and VPOP-DAS?

19 A. Yes.

20 Q. Do you disagree with that?

21 A. VPOP-DAS is not a product that actually
22 rides the Pronto infrastructure. It is a packet

1 service or a packet-based service for providing
2 circuit-switched access to the Internet.
3 Voice-over-DSL rides the existing ADSL platform but
4 does not require necessarily an upgrade to the
5 platform.

6 Q. So are you saying that none of -- you're
7 disagreeing with this statement that \$500 million
8 -- that no part of that is for Project Pronto?

9 A. No, I'm not disagreeing with the
10 statement.

11 Q. Okay.

12 A. I'm trying to separate Project Pronto
13 facilities for DSL from other technologies and
14 other capabilities.

15 Q. Okay. Well, there's been more of these
16 investor briefings since the October 1999 one,
17 haven't there?

18 A. There have.

19 Q. Are you aware of any significant change
20 from any of the data that I read you in those later
21 briefings?

22 MR. BINNIG: I'll object. I think that if

1 we're going to compare investor briefings, we
2 should have copies of those here. I mean the
3 assumption in the question is that those numbers
4 continue to appear in subsequent investor
5 briefings, and I don't think that's been
6 established.

7 MR. BOWEN: I make no assumption here. I'm
8 saying is he aware of any changes in later -- I
9 mean the objection has been you're talking about
10 old data, and the answer has been well that was
11 then. I'm asking him so what's changed in terms of
12 your disclosures to your investors that you're
13 aware of since then.

14 JUDGE WOODS: He can answer.

15 A. We have put out investor briefings that
16 describe the current state of what's going on
17 relative to the Project Pronto build.

18 Q. Okay.

19 A. And what's written in those is to the
20 best of my knowledge accurate and correct.

21 Q. Okay. Well, sitting here today, can you
22 think of any particular disclosures you've made

1 that vary in any significant way from these
2 disclosures that I've just read to you?

3 A. I can't recall specifically.

4 Q. Okay. Then let's just look real quickly
5 at page 6, line 7, where you say -- 6 and 7 where
6 you say, I'm quoting you here, "This is one of the
7 most ambitious, expensive, and risky network
8 projects SBC or any telecommunications carrier has
9 ever undertaken." Do you see that?

10 A. I do.

11 Q. What do you mean by risky?

12 A. Whenever you invest \$6 billion, you have
13 an expectation of being able to recover those
14 costs. This is a very large project. It's using a
15 lot of new technology. As such, there are inherent
16 risks in being able to meet the objectives of the
17 original program.

18 Q. Fair enough.

19 And what you look for is in financial
20 terms some kind of positive net present value. Is
21 that right?

22 A. That's correct.

1 Q. In other words, if you take all the
2 costs, which you'll tend to spend more up front,
3 and all the revenue flows that those -- network
4 that those cost build will support and just cut
5 them all back today, that's MPV analysis, right?

6 A. Well, there's a little more to it than
7 that.

8 Q. Sure.

9 A. In that there's going to be expense
10 reductions and so on and so forth.

11 Q. Okay. Fair enough. With that addition,
12 that's MPV analysis in a nutshell, right?

13 A. Essentially.

14 Q. Okay. And normal MPV analysis looks at
15 not just the capital expenditures set against the
16 expense savings, but also looks at the new revenue
17 flows as well. Right?

18 A. That's correct.

19 Q. But if you could achieve positive MPV
20 based just on capital investments set against
21 expense savings, that would be a good thing, right?

22 A. That would be a good thing.

1 Q. So all the revenue then would be gravy,
2 right? All the new revenue would be gravy.

3 A. Could, could be. It depends on what the
4 costs are to be able to generate the new revenues.

5 Q. I want you to assume though that you're
6 making a capital investment that's going to save
7 enough expense dollars that on an MPV basis you're
8 positive right there. Okay? Can you assume that
9 with me?

10 A. I'll assume that.

11 Q. Okay. If that's the case and that
12 assumption holds, then any new revenue streams that
13 are thrown off by this new investment are gravy.
14 That's all positive MPV, right?

15 A. Assuming that the new revenue streams do
16 not provide any incremental cost.

17 Q. Okay. Well, would you agree that as of
18 '89 at least the company told investors that the
19 network efficiency improvements alone will pay for
20 this initiative?

21 MR. BINNIG: As of what date?

22 MR. BOWEN: October '99.

1 A. That's what was in the briefing, yes.

2 Q. Okay. So you're telling investors that
3 we're in that happy state where capital investment
4 set against expense savings results in positive
5 MPV, meaning the network pays for itself in expense
6 savings. Right?

7 A. That was our projection in 1999, yes.

8 Q. Okay.

9 And you also told investors in '99 that
10 once you got that fiber network in place, that the
11 cost of providing additional bandwidth via
12 electronics would be significantly less than adding
13 more copper lines. Right?

14 A. That was our hope.

15 Q. Okay.

16 And do you recall that you told
17 investors in 1999 that this entire platform, this
18 entire \$6 billion build, would not only pay for
19 itself in expense savings, but would throw off well
20 in excess of \$10 billion positive MPV?

21 MR. BINNIG: I'm going to object, Your Honor.

22 He asked does he recall this. The document is

1 already an exhibit in the record in this case.

2 JUDGE WOODS: I think it might be better off
3 just asking if he agrees with that.

4 Q. Do you agree with that?

5 A. I do.

6 JUDGE WOODS: And to the extent that there is
7 some confusion, do you agree that that's an
8 accurate statement in today's terms?

9 A. In today's terms, I don't believe that's
10 going to actually happen.

11 JUDGE WOODS: Okay.

12 MR. BOWEN: Okay.

13 Q. Well, let me understand how this works
14 then. To be able to make it uneconomic to invest,
15 you want to get to a state where you've got a
16 negative MPV. Right? That is it's not worth the
17 money to invest because you can't make it back.

18 A. Not necessarily.

19 Q. Okay. So you have a hurdle rate, right?

20 JUDGE WOODS: You have a what?

21 Q. A hurdle rate for investments. You've
22 got to have at least some positive net present

1 value. Right?

2 A. Not necessarily. I mean there's risk
3 factors that fall into that that say what is the
4 risk that you may or may not achieve those hurdle
5 rates. You can make estimates on what those hurdle
6 rates might be. There's also a risk factor on
7 whether you think you have a good chance of making
8 those or not, given that they are projections into
9 the future.

10 Q. Isn't all that taken into account when
11 you come up with a final net present value
12 assumption you tell your shareholders? Don't you
13 take into account risk?

14 A. They are our best estimate at the time,
15 yes.

16 Q. Okay. So at the time you took into
17 account those risks, the time being October of '99,
18 and you said considering all the risks I think I
19 know about right now, I've got a \$10 billion MPV,
20 positive MPV. Right?

21 A. That sounds correct, yes.

22 Q. Okay. Well, what you're saying now in

1 this case is that whatever Ameritech's share of
2 that was, obviously it's not \$10 billion, but the
3 Ameritech Illinois slice I guess I would say of the
4 \$10 billion is overridden by what this Commission
5 has done three times in the previous cases. Right?

6 A. Essentially.

7 Q. Okay. Do you know what approximate part
8 Illinois plays in this \$10 billion MPV?

9 A. No. We did not work from that number.

10 Q. Well, have you looked at the business
11 case documents, Mr. Ireland?

12 A. Yes, I have.

13 Q. Okay. Weren't those a roll-up on a
14 state-by-state basis?

15 A. No, they were not.

16 Q. Okay. Now, have there been any
17 modifications to this \$10 billion positive MPV in
18 later investor briefings that you're aware of?

19 A. I don't recall specifically.

20 Q. Is that something you think you'd
21 remember if the company had changed that? I mean
22 if you tell your investor \$10 billion in '99 and

1 seven pages long that carries the title News
2 Release, and the release head line is SBC Launches
3 \$6 Billion Initiative to Transform It Into
4 America's Largest Single Broadband Provider dated
5 October 18, 1999.

6 Q. Okay. On page -- and this is this press
7 release numbering system -- it said Add One at the
8 top. It's really page 2, but do you see the page
9 that says Add One at the top, Mr. Ireland?

10 A. I do.

11 Q. Isn't one of the bullets here talking
12 again about voice-over-ADSL?

13 A. Yes, it does.

14 Q. Okay. If you turn back to Add Three, in
15 the middle of the page there's three bullets, and
16 it says next year SBC intends to offer advanced
17 broadband-powered services such as voice-over-DSL,
18 switched virtual circuit, and HDSL. Do you see
19 that?

20 A. Yes, I do.

21 Q. And then on Add Four, there's a header
22 in bold down towards the bottom of the page that

1 says Company Aggressively Migrates to Converged
2 Voice, Data, Video Network. Do you see that?

3 A. Yes, I do.

4 Q. And the text there says, "In addition,
5 Pronto is an important step in the company's
6 migration to a converged voice, data and video
7 network, which will be predominantly
8 packet-switched and utilize an Asynchronous
9 Transfer Mode distributed network system
10 architecture." Do you see that?

11 A. I do.

12 Q. That sounds like one network to me.

13 A. It was actually defining a protocol
14 which was the ATM-based protocol in an integrated
15 network built around that protocol.

16 Q. Okay. Fair enough. Carrying
17 everything, right?

18 A. I believe some two years later that's
19 real different.

20 Q. Okay. But at the time, that's what you
21 told the world, right?

22 A. That's what we believed was going to

1 happen. That's correct.

2 Q. Well, you believe it's still going to
3 happen, don't you?

4 A. I believe that something similar is
5 going to happen, but certainly not identical to
6 what we had projected there.

7 Q. Okay. Let me try this out. You think
8 it may not be voice trunking over ATM, right?

9 A. It may not be ATM based.

10 Q. It may be IP directly, right?

11 A. Could be.

12 Q. Internet protocol?

13 A. Correct.

14 Q. Isn't that what a lot of carriers are
15 doing right now for all kinds of traffic?

16 A. Some are working on it for data. Not
17 many are working on it for voice to the best of my
18 knowledge.

19 Q. Isn't that what the Internet runs on,
20 IP?

21 A. Yes, it is.

22 Q. Are you aware of manufacturers who are

1 focusing not on ATM devices but on IP devices to
2 support all kinds of services?

3 A. Yes, there are.

4 Q. Just like the ones you're talking about
5 here, voice, video, data?

6 A. They are working on voice, video, and
7 data over IP which today can't do that very well.

8 Q. Okay. Well, I'm just trying to
9 understand you say this was the view back then, and
10 we've seen some testimony I think in your reply
11 testimony where you say that voice-over-ATM stuff,
12 that VTOA is dead in the water right now, right?

13 A. That may be too strong. We're still
14 watching it. We're still testing it.

15 Q. Okay. But Mr. Keown told us awhile back
16 that you're going to do this and replace your
17 interoffice tandems with basically a packet
18 network, right?

19 A. That was the plan, yes.

20 Q. And now you may not do that.

21 A. That's correct.

22 Q. But I don't take from that that you plan

1 to leave your circuit-switched tandem interoffice
2 plant in place and grow it as that technology.
3 Isn't that right?

4 A. That is an option we are also
5 considering.

6 Q. For the next ten or twenty years?

7 A. It could be there as long as that.

8 Q. What else could be there? IP-based, not
9 ATM-based packetized transport?

10 A. That is also possible.

11 Q. Isn't that, in fact, the alternative
12 you're considering instead of ATM transport?

13 A. It is one. We are also looking at the
14 circuit switched alternatives if I could get a
15 larger switch.

16 Q. Do you agree with the press release when
17 it says that the Pronto reconfigures SBC into a
18 broadband-services company and creates a rock-solid
19 platform from which we can launch new revenue -
20 generating services while dramatically reducing our
21 cost structure?

22 A. Where are you reading, please?

1 Q. Add Six.

2 A. Yes, that is the planning intent.

3 Q. Okay. And here's that thing about
4 paying for itself again too, right? The next line
5 there. Do you see that? Importantly, the project
6 pays for itself?

7 A. That was the hope, yes.

8 MR. BOWEN: Your Honor, I will be asking the
9 witnesses questions during the course of this
10 rehearing that involve materials that are produced
11 under claims of confidentiality.

12 JUDGE WOODS: Okay.

13 MR. BOWEN: And my intention is to try and
14 avoid going on the closed record too much. In
15 part, a way to do that I think is to have documents
16 that are relevant to what we've been talking about
17 simply be marked and admitted and ask qualifying
18 questions and not to go on the closed record to go
19 into some of the details, but I think that saves
20 time and I think it saves closed record movement.

21 JUDGE WOODS: Right.

22 MR. BOWEN: But it's up to, you know,

1 Ameritech and Your Honor as to whether that works
2 or not. I'd like to try that approach.

3 MR. BINNIG: Well, I'd make a couple
4 suggestions.

5 One, the normal practice here is if
6 we're going to go into an in camera proceeding,
7 that we try to put all those questions in one place
8 and do that at the end of the cross-examination.

9 Two, until we see the particular
10 documents, you know, we may have objections on
11 admissibility. If the idea is just to dump a lot
12 of stuff into the record with very little that may
13 be relevant, we may want to avoid that.

14 JUDGE WOODS: Is this the point we're at right
15 now?

16 MR. BOWEN: Yes.

17 JUDGE WOODS: Okay. Well, why don't we take
18 lunch now, and you guys sit down and show him what
19 you intend to go over and see if we can come to an
20 agreement, and we'll come back in an hour.

21 (Whereupon lunch recess was
22 taken until 1:45 P.M.)

1 A F T E R N O O N S E S S I O N

2 JUDGE WOODS: Let's go back on the record.
3 Before breaking for lunch I instructed Mr. Binnig
4 and Mr. Bowen to confer on the confidential
5 materials that are going to be used for additional
6 cross examination. I understand that they have had
7 that conference, is that correct, Mr. Bowen?

8 MR. BOWEN: Yeah, we are pleased to report our
9 usual stellar progress, Your Honor, in terms of
10 resolving these issues. Actually, I think we
11 agreed on one exhibit and we are going to try on
12 the second one to keep questions public and see if
13 we can qualify the document that way. If we can't,
14 we will go into closed record for that document.

15 JUDGE WOODS: Okay. Very good.

16 MR. BOWEN: Let me pass around the next
17 requested exhibit.

18 MR. BINNIG: This should be marked as a
19 proprietary exhibit.

20 JUDGE WOODS: All right. I think we have
21 marked it Rhythms Rehearing Ireland Cross Exhibit 2
22 Proprietary.

1 MR. BOWEN: Exactly. Let me describe that
2 exhibit as follows. This is a document called -- with
3 the SBC logo in the upper right-hand corner called
4 "Investing in the Future, Broadband Initiative
5 Business Case: Pronto October 8, 1999," and it carries
6 a legend at the bottom "Draft support for investor
7 briefing development only" and it is marked
8 proprietary, as Mr. Binnig indicated. It's 14 pages
9 long.

10 (Whereupon Rhythms Rehearing
11 Ireland Cross Exhibit 2P was
12 marked for purposes of
13 identification as of this
14 date.)

15 CROSS EXAMINATION (Cont.'d)

16 BY MR. BOWEN:

17 Q. Okay. Do you have that, Mr. Ireland?

18 A. I do.

19 Q. Do you recall our discussion before the
20 lunch break about your recollection that there was an
21 internal-based document prior to the October 18
22 announcement of Pronto that included Ameritech's

1 network of 13 states?

2 A. That's correct.

3 Q. Do you recognize this as a version of
4 that document?

5 A. It looks like it, yes.

6 Q. Again, I don't want to ask you questions
7 on the open record on this document because it's
8 confidential. Let me try the next document. Would
9 you please mark this as Rhythms Rehearing Ireland
10 Cross Exhibit 3, and I am going to guess that
11 Mr. Binnig will want this document to be confidential
12 as well.

13 MR. BINNIG: That's correct, Your Honor.

14 JUDGE WOODS: Okay.

15 (Whereupon Rhythms Rehearing
16 Ireland cross Exhibit 3P was
17 marked for purposes of
18 identification as of this
19 date.)

20 MR. BOWEN: I will describe this document as
21 the document carrying the title "Investing in the
22 Future, Loop Infrastructure and VTOA (Voice Trunking

1 over ATM), prepared by Southwestern Bell Financial
2 Planning. It's 41 pages long. Okay.

3 Q. Now, Mr. Ireland, before the lunch break
4 you were testifying that the rollups that you had seen
5 were not state specific, if you will recall that?

6 A. Correct.

7 Q. Is it fair to say that they were
8 operating regions specific, meaning the Pacific,
9 Nevada Bell or Telesis region, the five-state southern
10 region and so forth?

11 A. Yes, that's correct, as I recall.

12 Q. And if you look at this document, do you
13 see that reflected in this document?

14 JUDGE WOODS: By "this document" you are
15 talking about Cross 3?

16 MR. BOWEN: Yes.

17 Q. Again, I don't want you to give me any
18 numbers. If you look through and see if you can tell
19 me if you see on occasion breakdowns between, at this
20 point at least, SWBT and Pacific. You might look, for
21 example, at page 22 and page 24.

22 A. Yes, it appears that there are breakdowns

1 that show particular companies, in these examples
2 Southwestern Bell.

3 Q. I will tell you, as you might have
4 imagined, this is the toughest produced document by
5 SWBT in the Texas case. The PacBell numbers are
6 redacted because it was pre-used in Texas. Do you see
7 the white pages and gaps on those pages, do you not,
8 which it allegedly redacted on those pages, for
9 example, on page 23 and 25?

10 A. Yes.

11 Q. Now, we were supplied this document in
12 Texas, I will represent to you, as the document that
13 was in effect a business case document prior to the
14 board's approval in June of '99. Have you seen this
15 document before?

16 A. Yes, I have.

17 Q. Is that accurate?

18 A. To the best of my knowledge.

19 MR. BOWEN: I think we cannot go on the
20 closed record then for either of those two purposes,
21 just go on to the open record cross.

22 JUDGE WOODS: We are back on the open record.

1 Q. Okay. Let's turn to page 7 of your
2 testimony, please, your direct testimony, Mr. Ireland,
3 please. Now, you are not a lawyer, right?

4 A. No, I am not.

5 Q. I want you to focus with me please on
6 lines 17, actually 16 through 20, on page 7. I am
7 going to read the sentence I have in mind for the
8 record just for context. Quoting you as follows: "In
9 assessing the regulatory environment SBC reasonably
10 relied on the language of Section 706 of the 1996
11 Telecommunications Act and the FCC's First Advanced
12 Services Report and Citation which appeared to favor
13 reliance on the free market rather than affirmative
14 regulation as a means of promoting advanced services
15 competition." Do you see that?

16 A. Yes, I do.

17 Q. Can you tell me what that means? What do
18 you mean when you said you relied on that? That is,
19 what conclusion did you draw as a company from that
20 language you are citing there?

21 A. It appeared in the language that both
22 what Congress wanted to do and what the FCC was

1 supporting was the ability to be able to have a free
2 market environment for advanced services such as DSL,
3 cable modem and others. The inclination or impression
4 that I gathered from that was that that was the way
5 that they would like to have seen the environment grow
6 up, and that in fact no one technology would be
7 regulated in a way that would be substantially
8 different from any of the others.

9 Q. And that's one of the themes in your
10 testimony, isn't that right?

11 A. That's correct.

12 Q. But did you -- when you say you relied on
13 706, or the company did, I am sorry, do you mean
14 instead of the other portion of the Telecom Act where
15 you had an obligation to unbundle your network into
16 network elements and unblock collocation?

17 MR. BINNIG: Objection. I am going to object
18 to the characterization of the Act. The Act speaks
19 for itself.

20 JUDGE WOODS: I don't think he characterized
21 the Act. I think he just asked him about a different
22 part of it. He can answer.

1 MR. BINNIG: Well, he characterized that part
2 of it. I think that's a legal conclusion as well.

3 Q. Have you heard of Section 251(c)(3)?
4 Have you ever heard of that, Mr. Ireland?

5 A. I have certainly heard the term.

6 Q. You ever heard of unbundled network
7 elements?

8 A. I have.

9 Q. Do you recognize that term as being a
10 term of art derived from the Telecom Act?

11 A. I do.

12 Q. Have you heard of collocation?

13 A. I have.

14 Q. Is that from the Telecom Act from your
15 understanding?

16 A. Yes.

17 Q. All right. Whatever section, whether I
18 got it right or not, if the Telecom Act has not just
19 706, the advanced services section, but also UNEs and
20 collocation, are you testifying here that SBC looked
21 at 706 and ignored UNE collocation in deciding to plug
22 Pronto?

1 MR. BINNIG: I am going to object, Your
2 Honor.

3 JUDGE WOODS: Overruled. Answer the
4 question.

5 A. If we looked at sort of in general what I
6 believe was being asked of us and what was being said
7 in these two situations, my belief is that based on
8 those capabilities and services that were there prior
9 to the Act, so this would be the embedded plant that
10 was the legacy network of the Bell system, that those
11 had certain unbundling collocation requirements placed
12 on them. That in a new investment, in a market that's
13 new to us, where we are investing new capital and new
14 money in a new capability and a new technology, my
15 belief was those words represented that the free
16 marketplace, rather than rules of unbundling, would
17 largely guide what would happen in that marketplace.

18 Q. All right. So your testimony here, if I
19 understand what you are saying, is that anything that
20 was in place before the Act was subject to unbundling
21 and collocation; anything that was invested after the
22 Act was not?

1 A. Not necessarily all. Again, I am not a
2 lawyer, but generally.

3 Q. I am not asking -- but generally is that
4 your belief?

5 A. Generally.

6 Q. And that's one of the bases under which
7 you make this statement in your testimony, is that
8 right?

9 A. That's correct.

10 Q. Now, look at lines 21 through 23 and
11 carrying over to the top of page 8, lines 1 through 3,
12 please. I am going to read that for context, quoting
13 you again, "SBC also considered the risk that it would
14 be ordered to 'unbundle' any new advanced services
15 equipment it deployed, but relied on the fact that the
16 new equipment it would need to purchase and install to
17 provide DSL service was equally available to all
18 carriers which would seem to mean from a regulatory
19 perspective that such carriers would not be impaired
20 without unbundled access to new advanced services
21 equipment installed by SBC." Did you write that
22 sentence? That's long like a lawyer sentence,

1 Mr. Ireland.

2 A. I get help in drafting the material.

3 Q. Okay. But this is your thought, right?

4 This is what you wanted to capture?

5 A. That's correct.

6 Q. Whoever drafted it. Well, what does this
7 quote mean? What does this assertion mean? Does it
8 mean, you said you considered the risk, that meant --
9 I guess not you, the company -- the company thought it
10 was possible you would have to unbundle Pronto, is
11 that right?

12 A. We have learned, I think, over 35 years
13 that nothing is certain in this business. What we try
14 to do is reduce risk, take our best calls on what we
15 think is going to happen, but there is always
16 uncertainty and risk to some degree.

17 Q. Okay. But I take it that, given this
18 testimony about risk, the company didn't consider it
19 to be a clear case of not being required to unbundle
20 because there was a risk of having to do so, right?

21 A. I would say there is always a risk. We
22 thought the risk was minimal.

1 Q. And it was minimal because of what you
2 say next, which is we could buy DSL equipment just
3 like you could?

4 A. Not entirely. That was certainly one
5 issue, but I go back to what's actually written in
6 Section 706 of the Telecom Act and the First Report
7 and Order which said for these new competitive
8 services, if you are going to make investment in them,
9 I would have had expected that there would be more
10 favorable treatment given to those as ones that are in
11 a competitive marketplace and not necessarily part of
12 a legacy network of yesterday.

13 Q. But what you mean by this is you are
14 trying to suggest, I think, that the company's
15 assessment was that you would not have to unbundle
16 Project Pronto, is that right?

17 A. We felt that was the most likely outcome,
18 yes.

19 Q. Okay. Well, when you assessed from your
20 negative possibility of having to unbundle, did you at
21 that time consider that the consequences could be
22 material having to do so?

1 A. We did.

2 Q. And did you do anything like Mr. Keown's
3 analysis that purports to show that in Illinois alone
4 it would cost the company \$500 million to unbundle
5 Project Pronto?

6 A. Not knowing what the requirements for
7 unbundling would be, we had really no basis for being
8 able to do that.

9 Q. Okay. Well, if you thought it was a
10 non-zero risk of unbundling and you thought it might
11 be material -- those are both true statements, aren't
12 they -- the effect would be material?

13 A. Yes.

14 Q. Why is it that you didn't disclose that
15 possibility to your investors in the investor briefing
16 October of '89.

17 MR. BINNIG: Object to the relevance of the
18 question, Your Honor.

19 JUDGE WOODS: I agree. What's the relevance
20 of that?

21 MR. BOWEN: Well, under SCC rules the company
22 is required to disclose material risks of what they

1 announce.

2 JUDGE WOODS: I know. And if this were an
3 SCC proceeding, I would think that that was an
4 appropriate question. And I think using those
5 materials to test their assertions in their testimony
6 is one thing, but then asking him why he didn't
7 disclose it, I think is a little bit beyond our
8 inquiry here. So I am going to sustain the objection.

9 Q. Okay. So on page 8 of your testimony,
10 Mr. Ireland, if you look with me at lines 11 through
11 14, this is part of your answer in response to the
12 question "What happened next," isn't it?

13 A. That's correct.

14 Q. And here you are in the summer of 1999?

15 A. That's correct.

16 Q. And the first part of the paragraph says
17 you were still waiting for the FCC's decision on the
18 SBC-Ameritech merger, is that correct?

19 A. That's correct.

20 Q. And I take it from what you have said you
21 didn't want to announce Pronto until the FCC was done
22 with its merger assessment, is that fair?

1 A. That's fair.

2 Q. And I take it that from that -- was the
3 company considering that, depending upon the
4 conditions that the FCC might place on that merger,
5 that the company might not deploy Pronto at all?

6 A. I expect that may have been a
7 possibility.

8 Q. Okay. But whatever the possibilities
9 were prior to October 8, you are testifying here that
10 once the FCC actually issued its order with the merger
11 conditions, you then announced ten days later the
12 Project Pronto roll out, right?

13 A. That's correct.

14 Q. So I take from that that whatever the
15 little uncertainty was prior to October 8, the
16 uncertainty level was less than enough to allow you to
17 proceed with Pronto once the FCC established the
18 condition, the merger conditions, is that fair?

19 A. We knew what the merger conditions were.
20 We felt that would be helpful, yes.

21 Q. And you had enough certainty then to
22 announce the roll out without any caveats or

1 conditions in a regulatory sense, isn't that right?

2 A. Not necessarily.

3 Q. Where in the investor briefing do you
4 disclose any regulatory conditions or caveats?

5 A. I am not sure that all of the information
6 that we necessarily provide to investors comes from
7 that briefing. There is a verbal exchange of
8 information that takes place as part of those
9 briefings. Although I was not materially part of
10 that, I was not one of the people who were part of
11 that, it's very likely that it took place as part of
12 that. I simply don't know.

13 Q. That's just pure speculation, isn't it,
14 on your part?

15 A. I think it's likely but don't know.

16 Q. Well, you could have found out, couldn't
17 you, by asking whoever was there?

18 A. At the time that this was done, I wasn't
19 part of that effort. In fact, Project Pronto did not
20 report to me during that period.

21 Q. I understand that. But you know the
22 investor relations people, don't you?

1 A. Yes, I do.

2 Q. All right. On line 20 on that same page
3 now you have moved past the announcement and now you
4 are testifying about the conditions that the FCC
5 imposed on the merger, right?

6 A. Yes.

7 Q. And you are saying that you couldn't
8 fully appreciate at the time all of the implications
9 of those conditions, is that fair, a fair paraphrase?

10 A. That's correct.

11 Q. And once you had more time to -- when I
12 say you, I mean the company; I don't mean you
13 personally. Once the company had the time to review
14 the conditions, you are talking about a legal
15 regulatory question whether the SBC ODs can own
16 certain Project Pronto equipment, do you see that?

17 A. Yes, I do.

18 Q. Isn't it correct that there were two very
19 specific types of equipment that were a question in
20 SBC's mind, those being the OCD and the ADLU cards?

21 A. Correct.

22 Q. And then when you say in early 2000, when

1 you ask the FCC to clarify, you have reference there
2 to a communication with the Chief of the Common
3 Carrier Bureau that SBC filed on February 16, 2000?

4 A. I don't know the exact date, but that
5 sounds right.

6 Q. And that's the communication in which SBC
7 through counsel asked the FCC either to declare that
8 you could own the OCD and the ADLU cards or else waive
9 the merger conditions which precludes your ownership,
10 isn't that right?

11 A. That's correct.

12 Q. Isn't it correct that the whole issue
13 here was whether or not what some might consider
14 so-called advanced services equipment could or
15 couldn't be owned by an ILEC, you in particular?

16 A. That's correct.

17 Q. And as you say, the FCC, on page 9,
18 granted the waiver of the merger conditions in what
19 you call the Pronto Waiver Order of September 8,
20 right?

21 A. That's correct.

22 Q. Okay. Now, would you agree with me that

1 the only waiver that the FCC granted was as to those
2 two pieces of equipment, that is the OCD and the ADLU
3 card?

4 MR. BINNIG: Your Honor, I will object to
5 relevance. The FCC's order again speaks for itself.

6 MR. BOWEN: Your Honor, this witness is
7 trying to characterize the Pronto order as carte
8 blanch permission to do what they are doing right now,
9 which is to fail to unbundle Project Pronto, fail to
10 allow collocation, and offer Project Pronto as a
11 wholesale broadband service.

12 JUDGE WOODS: You can answer.

13 MR. BINNIG: I don't see where the witness
14 says that in his testimony, Your Honor.

15 MR. BOWEN: He doesn't say that. I am trying
16 to clarify his testimony.

17 JUDGE WOODS: He can answer.

18 THE WITNESS: Would you repeat the question,
19 please?

20 Q. I will try. Isn't it correct that the
21 waiver order, as you style it, granted a waiver only
22 as to SBC ownership of two pieces of equipment, the

1 OCD and the ADLU card?

2 A. To the best of my knowledge that's
3 correct, but again I am not a lawyer.

4 Q. Okay. I am just asking for your
5 non-lawyer opinion. That's fine. But then you go
6 down on to say on lines 11 and 12, and I am going to
7 quote you here, "What is important to note is that SB C
8 relied upon the certainty provided by the FCC's order,
9 in order to obtain that certainty provided a variety
10 of new, meaningful opportunities that competitors
11 could take advantage of in providing DSL services," do
12 you see that?

13 A. Yes, I do.

14 Q. What certainty do you mean? The
15 certainty that you could own the OCD and the line
16 card?

17 A. No, the certainty that we talked about
18 here. And let me describe it in the following way:
19 The order itself had a number of CLECs involved in it.
20 It took about eight months or so to do what was a very
21 long and protracted order. There were a variety of
22 puts and takes on exactly what needed to be done for

1 us to actually own as the ILEC, the OCD and the RT
2 site. At the end of all of the work that took place
3 there, the highest regulatory body in the United
4 States basically concluded that we could own those
5 facilities if we did a number of things to make that
6 service available to CLECs or to make alternative
7 capabilities available to CLECs such as collocation
8 and upsizing, CEVs and Huts.

9 As a result of that, we believed that a
10 number of the issues had been worked through, and that
11 through all of the work that had been done at the FCC
12 to finally conclude that that ownership was okay, that
13 in fact we had done what was necessary to be able to
14 deploy Project Pronto without much further unbundling.
15 And that's what I say we relied on. We relied on it
16 for that purpose.

17 Q. Okay. Did you ever actually read the
18 Waiver Order?

19 A. Yes, I did.

20 Q. Did you read paragraph two of the Waiver
21 Order?

22 A. I am sure I did.

1 Q. Okay. I am going to read this and see if
2 you recall reading this or hearing this. Quoting
3 paragraph two, various sentences. "At the outset we
4 stress that the modification contained in this Order
5 is limited only to certain equipment installed in
6 remote terminals and the necessary supporting
7 equipment installed in central offices. Moreover, we
8 emphasize that this order addresses only the
9 commitments adopted in the SBC-Ameritech Merger Order
10 and the harms addressed therein. Our interpretations
11 and conclusions with respect to the merger conditions
12 do not relieve SBC of any obligations under Sections
13 251, 252 or any other provision of the Communications
14 Act of 1934 as amended of the Act and our implementing
15 rules." I will skip the footnote citation.

16 JUDGE WOODS: Thanks.

17 Q. "Nor do we intend the analysis or
18 conclusions in this Order to constrain or otherwise
19 effect our interpretation of those rules. Finally, we
20 emphasize that we are examining issues related to
21 competitive access to remote terminals and the
22 collocation FMPRN, and our decision herein does not

1 prejudge any outcome in that proceeding." Do you
2 remember reading that?

3 A. Yes, I do.

4 Q. And you think a fair reading of that
5 clause, you interpret that clause, to say that you
6 didn't have to unbundle or allow collocation in
7 Project Pronto?

8 MR. BINNIG: Your Honor, I am going to
9 object.

10 JUDGE WOODS: I think that's argument.

11 THE WITNESS: I am sorry, I didn't hear that.
12 Could you repeat it?

13 JUDGE WOODS: It's argument; you don't have
14 to answer.

15 Q. Now, when did Pronto deployment begin,
16 Mr. Ireland? Wasn't it before September 8 of 20 00?

17 A. I don't believe that any of the DSL
18 capable components were deployed prior to that date.

19 Q. I am talking about the big Project
20 Pronto, all the fiber, all of the whole bill, wasn't
21 some of that begun soon after the announcement was
22 made in October of '99?

1 A. Some work was done, yes.

2 Q. Fiber deployment, for example?

3 A. Some fiber deployment was done, yes.

4 Q. That would be shown in the capital budget
5 versus the actual expenditures for 2000, wouldn't it?

6 A. It depends on the documents you get. I
7 can't be sure.

8 Q. If I had the capital budget, that was
9 supposed to happen, right? That is the approved
10 course of action, right?

11 A. I would have expected it to be listed in
12 some way so that you would be able to find that as a
13 line item in the budget, yes.

14 Q. And then if I saw actual expenditures,
15 month by month, I could tell when the investment had
16 begun to be deployed, right?

17 A. We were deploying some equipment then,
18 yes, I expect so.

19 Q. So then on 15 through 22 you talk about
20 how you didn't agree with the commitments but you
21 decided you could live with them and so you deployed
22 Pronto as planned, and again here you are saying that

1 the FCC commitments and the Pronto Waiver Order
2 removed regulatory uncertainty, do you see that?

3 A. Yes, I do.

4 Q. So you pass another milestone of
5 uncertainty as you had passed the merger conditions
6 uncertainty and announced in October. Then you
7 thought, whoops, what about the OCD and the line card,
8 and then once you had the Waiver Order out, you passed
9 that hurdle and began to deploy, is that fair?

10 A. That's fair.

11 Q. Now, one more spot you use suspended
12 deployments on page 10, and you said SBC reluctantly
13 had to suspend deployment. You don't mean cancel,
14 right?

15 A. We were hopeful that deployment would be
16 suspended as a result. But if in fact the unbundling
17 requirements that are currently in place, if we were
18 to have to implement those, my belief is that that
19 would be a permanent suspension.

20 Q. Is that the belief of the company as a
21 whole, do you know?

22 A. Yes, that's my belief.

1 Q. I was going to say I did some cross that
2 your lawyer didn't like last time about taking your
3 ball and going home, and he objected. I want to ask
4 that question again. Isn't this really like taking
5 the ball to the locker room until the referee agrees
6 to change the rules of the game?

7 MR. BINNIG: I am going to object again, Your
8 Honor, that's argumentative.

9 MR. BOWEN: I will withdraw the question.

10 JUDGE WOODS: Thank you.

11 Q. One question I didn't ask you about,
12 which parts are suspended, isn't a part of the
13 deployment in some cases reinforcement of the copper
14 feeder segment that goes from the SAI -- I am sorry,
15 the RT location to the SAI, either new or
16 reinforcement?

17 A. You know, I can't be real specific on
18 that. But I would have expected that until those were
19 required for POTS growth, as I described before, to
20 the degree that that plant was there, we would have
21 stopped that work until such time as the POTS growth
22 is necessary.

1 Q. But my first question was, forget the
2 suspension. The original Pronto plan would have
3 called for at least some copper feeder placement
4 between the RT and the SAI, isn't that right?

5 A. Typically that's true, yes.

6 Q. And wouldn't it have also called for some
7 SAI growth or reinforcement of the V-boxes, that is if
8 you are going to terminate a bunch of feeder pairs and
9 leave the current ones in place, wouldn't you have to
10 grow some of those boxes as well?

11 A. I don't know. It may have.

12 Q. So as part of the Project Pronto DSL
13 suspension, you would stop reinforcing that copper
14 feeder and expanding those SAIs or not?

15 A. That's a detail I don't know.

16 Q. Do you think Mr. Keown might know that?

17 A. He might.

18 Q. Okay. Turn on page 14. The estimates
19 that you have attached -- the topic here for the
20 transcript clarity is you are assessing your view of
21 the broadband services market more broadly than just
22 DSL, isn't that right?

1 A. That's correct.

2 Q. And one of the big bogeys is cable modem
3 service, right?

4 A. One of the big bogeys, there is some
5 competing technology called cable modems there.

6 Q. All right. Fair enough. And you have a
7 sentence here I don't understand. Before I get there,
8 you are looking at -- these aren't your personal
9 estimates of market penetration; these are analysts'
10 estimates that you think are reliable, is that right?

11 A. That's correct.

12 Q. Did you do this research yourself?

13 A. No, I had it done.

14 Q. Did you ever talk to any of the
15 researchers that did it?

16 A. Not specifically, no.

17 Q. Now, just for clarity, if you look at
18 RKI-2, do you have that?

19 A. Yes, I do.

20 Q. This is what you point to on page 14,
21 lines 16 and 17, actually more like 13 through 16,
22 right? This is the summary source document?

1 A. Yes.

2 Q. You say -- here is my question. You say,
3 "Moreover, it must be recognized that if the propose d
4 Illinois unbundling and collocation requirements are
5 adopted in Illinois and other states, the DSL
6 estimates would have to be revised downward from
7 proposed and cable modem estimates would have to be
8 revised upward." I think I understand why you are
9 saying the downward, because you wouldn't be providing
10 service under those conditions because you would
11 suspend Pronto, right? That's the basis for that?

12 A. Correct.

13 Q. What's the basis for your assertion that
14 cable modem estimates would have to be revised upward?

15 A. Only the fact that cable is a dominant
16 provider today and has been for some time. My
17 expectation is they would get much of the additional
18 business.

19 Q. But did you ask any of the analysts
20 whether they were making any assumptions about
21 unbundled Project Pronto or Project Pronto's existence
22 in Illinois or anything like that?

1 A. Not specifically, no.

2 Q. Okay. On page 15, line 6 through 11,
3 here you are talking about how you view -- not you,
4 SBC and Ameritech -- view cable modems as the main
5 source of internet access competition, right?

6 A. For high speed services currently, yes.

7 Q. And you say that you characterize the
8 cable modem technology as the dominant technology,
9 right?

10 A. It appears to me to be, yes.

11 Q. Okay. And there you talk about on line
12 10 and 11 about the cable modem technology being what
13 you call a primary driver in the development and
14 deployment of Project Pronto strategy, right?

15 A. Yes.

16 Q. In plain language what you are saying is
17 you are developing Project Pronto to compete with
18 cable modems?

19 A. We are developing Project Pronto as an
20 alternative to cable modems. And it's a very
21 competitive market against both cable modems,
22 wireless, satellite, and other services. The primary

1 driver has been cable, because it's been the most
2 successful in this marketplace.

3 Q. You don't have to be shy. It's an
4 alternative. It's your alternative, right? It's your
5 competitive response to cable modems, isn't that what
6 you are saying here?

7 A. It is a competitive response to cable
8 modems.

9 Q. Whose?

10 A. Anyone who wants to use it under the
11 terms and conditions.

12 Q. And who is the primary user under your
13 business case analysis?

14 A. I don't know what that means, but I would
15 say that the primary user right now has been our
16 subsidiary ASI or AADS and Ameritech.

17 Q. And in a business case analysis does
18 anybody --

19 A. I may have misspoke. That may not be
20 correct. In Ameritech we are a relatively small
21 provider. Competitive CLECs might actually be the
22 predominant provider than Ameritech. I don't know.

1 Q. I am talking about your business case
2 analysis before you suspended Pronto. Do you recall
3 our discussion?

4 A. I recall the discussion.

5 Q. Okay. Didn't you tell the public you had
6 captured over 50 percent of the market?

7 A. Again, those were projections. We were
8 hopeful that would occur.

9 Q. So again please don't be shy, wasn't it
10 SBC's plans to deploy Pronto so that SBC, via some
11 portion of the SBC family, whether it was an ILEC or
12 AADS or ASI, would capture what you viewed then as a
13 very good share of the broadband internet services
14 market?

15 A. We hoped so.

16 Q. And wasn't the other near term primary
17 driver, if cable modem is one, wasn't the other one
18 cost savings?

19 A. Yes, it was.

20 Q. Are those the top two?

21 A. I think their revenue opportunity would
22 be one as well. There was some revenue from other

1 services.

2 Q. Okay. So compete with cable modems, cost
3 savings, new revenue opportunities. That's the big
4 three?

5 A. I think so.

6 Q. Okay. Well, it would be fair to say that
7 competing with data CLECs like Rhythms or Covad, it's
8 not even on the radar screen compared to those top
9 three?

10 A. Competition is competition.

11 Q. Sure. It's a question of degree, right?

12 A. I think the marketplace speaks for
13 itself. The big competitor at this time has been
14 cable modems. We have focused on cable modems.

15 Q. Isn't it fair to say that you don't
16 consider data CLECs like Rhythms and Covad to be a
17 serious competitive threat using Pronto or not? And I
18 would have said Northpoint, except for now I can't.

19 A. You know, I don't know what they are
20 going to wind up being over time. Right this minute,
21 they have a relatively modest percentage of the
22 overall market. I don't know what the percentage of

1 the market is in Illinois. It might actually be
2 fairly significant here, and they may represent a
3 serious threat here. I simply don't know the numbers.

4 Q. Well, if your main three reasons for
5 deploying Pronto are competing with the cable modems,
6 saving costs and getting new revenue opportunities
7 that are not internet access, if that's the big three,
8 isn't shutting down Pronto deployment so that CLECs
9 can't get UNEs and collo really in the category of one
10 of my mom's favorite sayings, cutting off your nose to
11 spite your face?

12 MR. BINNIG: I will object to the
13 argumentative nature of the question.

14 JUDGE WOODS: I believe it's argument,
15 Mr. Bowen.

16 MR. BOWEN: Okay. I will withdraw it.

17 Q. You have already deployed Project Pronto,
18 including the Project Pronto DSL component,
19 extensively in Texas, isn't that right?

20 A. That's correct.

21 Q. Do you know how many DSL lines you have
22 on Pronto in Texas approximately?

1 A. I would guess -- no, I don't know. It's
2 a relatively modest percentage, tens of thousands,
3 perhaps.

4 Q. And have you deployed Project Pronto,
5 including the so-called Project Pronto DSL components,
6 in California?

7 A. Yes, we have.

8 Q. And about how many DSL lines do you have
9 on Pronto in California?

10 A. Again, I believe it's a fairly small
11 number, in the tens of thousands, because it's a
12 relatively new turn of deployment.

13 MR. BINNIG: Is this going to something
14 that's relevant in this case?

15 MR. BOWEN: Yes.

16 MR. BINNIG: Let's get there then or I am
17 going to start objecting.

18 MR. BOWEN:

19 Q. Well, there are many linesharing cases in
20 both of those states, aren't there, Mr. Ireland?

21 A. I know that there are hearings in
22 California on this subject.

1 Q. Well, if the Texas PUC requires Project
2 Pronto as UNEs, will SBC suspend deployment of Project
3 Pronto in Texas?

4 MR. BINNIG: I will object to the relevance,
5 Your Honor.

6 MR. BOWEN: It's entirely relevant, Your
7 Honor. Our position in this case is that this is
8 nothing more than the threat of a bully to try and
9 beat this Commission into submission and take it on
10 the road in Texas and California. I think I am
11 entitled to ask what they are going to do in Texas.

12 JUDGE WOODS: I think he can answer if he
13 knows.

14 A. It depends on the terms and conditions
15 under which they ask me to unbundle. But if they are
16 significant as they were in the case of Illinois, it
17 is very likely we would suspend there also.

18 Q. Well, were you aware that on Friday the
19 Texas Commission did order you to unbundle Project
20 Pronto in Texas?

21 A. Not specifically. I have talked about
22 the order that came there. I have not gotten the

1 details of it. Many of the things that I believe have
2 been asked to be unbundled in this particular hearing,
3 I have been told were not necessarily ordered in
4 Texas. But I have not reviewed the entire case.

5 JUDGE WOODS: Mr. Bowen, is that a final
6 order of the Commission?

7 MR. BOWEN: As far as I know, yes, Your
8 Honor. That is, there is no presiding officer's
9 decision that gets commented on. It's just when it
10 comes out, it is the arbitration award.

11 JUDGE WOODS: Is there a rehearing period?

12 MR. BOWEN: Yes.

13 JUDGE WOODS: Could I get a copy of that,
14 please?

15 MR. BOWEN: Yes.

16 MR. BINNIG: Let me just clarify what it is.
17 It is an arbitration award from two arbitrators. It
18 is not from the Commission. It goes to the
19 Commission.

20 JUDGE WOODS: Well, again, that's why I would
21 like to see the Texas order that you are talking
22 about.

1 Q. If the Texas order in the company's view
2 is of the same onerous character as you described this
3 Commission's Order, will you take existing customers
4 now being served on Pronto down out of service?

5 A. I don't know, but I would think that
6 would be unlikely.

7 Q. Well, what if the California PUC in the
8 pending linesharing case issues an order functionally
9 identical to this Commission's Order in this case?
10 Will you suspend service in California?

11 A. That's likely, yes.

12 Q. And will you take existing customers down
13 in California under those conditions who are now
14 getting service on Project Pronto?

15 A. I don't know, but I would expect that we
16 would not.

17 Q. Now let's look at page 20, please, Mr.
18 Ireland. Again, the context here is you are saying
19 when you think about advanced services, you shouldn't
20 think about UNEs and collocation, right?

21 A. Correct.

22 Q. What I don't understand with a couple of

1 questions is whether you see any distinction between a
2 network that might be deployed and the services that
3 might be carried on that network? Is there a
4 difference in your mind?

5 A. Yes, there is.

6 Q. For example, do you think DSL is an
7 advanced service?

8 A. Yes, I do.

9 Q. And do you think ADSLs are advanced
10 service?

11 A. Yes, I do.

12 Q. Can you provide DSL on what you have
13 characterized as a legacy historical network? For
14 example, can you provide DSL on all copper loops with
15 a DSLAM in the central office?

16 A. Can't do it on all copper loops but on
17 some you can.

18 Q. Anything below 17.5000 feet that has no
19 load coils, not excessive bridge tap?

20 A. It depends on the type of DSL, but for
21 ADSL that's a fairly close description.

22 Q. So for some kinds of DSL at least, you

1 can provide an advanced service on a legacy network,
2 right?

3 A. No, just on a legacy loop.

4 Q. The loop is not part of the network?

5 A. The loop is an element of the network.

6 Q. Okay. Is the flip side also true, can
7 you offer a non-advanced service on a brand new
8 advanced network?

9 A. You may or may not be able to. It
10 depends on the capability of the technology.

11 Q. Okay. Well, let's assume that you build
12 Project Pronto, perhaps not in Illinois or Texas or
13 California, but maybe in Oklahoma or Kansas, okay, can
14 you assume that with me?

15 A. All right.

16 Q. And let's say that your voice-over DSL
17 technical trial actually proves in and you decide to
18 offer voice-over DSL on Pronto. Can you assume that
19 with me?

20 A. I can.

21 Q. Okay. I am talking about basic
22 residential dial tone service; that's going to be

1 possible if things work out, right?

2 A. It will be somewhat different probably
3 from basic conventional POTS service.

4 Q. I am talking about from an end user
5 perspective; they don't really care how they are
6 getting the service; they just want it to be local
7 exchange service, right?

8 A. They may see a different service as a
9 result of that.

10 Q. But is whatever local exchange service
11 you might be able to offer under my assumptions, is
12 that in your view an advanced service or not?

13 A. It will ride a fast packet network under
14 these circumstances from the customer's prem to the
15 central office. It will not necessarily be what I
16 would call legacy service, conventional POTS, same
17 infrastructure, same terms and conditions as the
18 embedded network. That's unlikely.

19 Q. So if I understand your testimony
20 correctly, if you offer local exchange service using
21 the voice-over DSL on Pronto, it is somehow
22 transformed away from POTS and maybe into something

1 that may be advanced service, is that right?

2 A. We are trying hard now to make it
3 replicate POTS service, and we are having a great deal
4 of difficulty making that happen.

5 Q. I am asking you to assume with me that
6 you actually solved that little thorny technical
7 detail and you roll it out and you replace -- you
8 offer people local exchange service, what we call
9 POTS, over DSL.

10 A. It would be technically possible to do
11 that with the assumption that all of the problems
12 could in fact be resolved.

13 Q. If you do that, is that offering a legacy
14 POTS service or advanced service?

15 A. It would be technically possible, I
16 believe, if you could solve those technical problems,
17 to offer the equivalent over an advanced service
18 infrastructure of legacy POTS.

19 Q. I understand. But I am trying to get you
20 to distinguish between the network and the service.
21 We have established on this hypothetical that the
22 network is advanced, that it is Project Pronto. I am

1 asking you to tell me whether or not you think that
2 the service, the POTS replacement, is a legacy POTS
3 service or an advanced service. I know what the
4 network is.

5 A. I am trying to explain that you are
6 asking me whether or not I could fully replicate over
7 the advanced network what is today POTS service.

8 Q. I am sorry. That wasn't my question.
9 You are offering voice-over DSL. People will perceive
10 that as being a reasonable substitute for legacy POTS,
11 and they take it because you offer it, okay. I want
12 you to tell me whether that's an advanced service in
13 your view or a legacy POTS service.

14 A. I honestly don't know. I think that's a
15 legal question, and I don't know the answer to it.

16 Q. Okay. On page 21 of your direct
17 testimony, actually that's the answer. The question
18 is, "What are the main policy considerations in this
19 case?" Do you see that, bottom of page 20?

20 A. Yes, I do.

21 Q. Your answer is, "I assume, and it appears
22 to me from the Order, that the Commission's primary

1 policy concern is insuring that the greatest number of
2 Illinois consumers obtain access to high speed
3 internet access capability in a prompt, efficient and
4 pro-competitive manner regardless of the technology
5 used or the historic position of the provider in the
6 market." Do you see that?

7 A. Yes, I do.

8 Q. Well, isn't it equally fair to assume the
9 contrary motivation by the Commission, that the
10 Commission is simply requiring Ameritech to continue
11 to unbundle its network even as that network is
12 upgraded?

13 A. I think that would be inappropriate,
14 given the competitive nature of the product.

15 Q. I know you do.

16 A. But it's possible they could do that.

17 Q. Okay. Now, towards the bottom of the
18 page there is a sentence that says, line 20, "The FCC
19 has recognized that regulation of advanced services
20 should be technologically neutral and the failure to
21 maintain neutrality between competing technologies
22 could skew the competitive marketplace." Do you see

1 that?

2 A. I do.

3 Q. Well, right now Ameritech doesn't provide
4 any advanced services on Pronto, does it? Any DSL
5 services on Pronto?

6 A. Ask the question again. I am sort of
7 confused.

8 Q. Think about AADS and ASI. AADS is the
9 data sub in Ameritechland and ASI is in the rest of
10 the states?

11 A. Correct.

12 Q. Ameritech and the other ODs don't provide
13 DSL-based services, do they? That's the job of AADS
14 and ASI.

15 A. That's my understanding, yes.

16 Q. So what is the purpose of your testimony
17 talking about how somebody might regulate advanced
18 services if you don't provide it?

19 A. The purpose of the testimony was to state
20 that regulation associated with DSL service is
21 asymmetric if in fact you are regulating that product
22 and none of the others that compete with one another

1 in the same marketplace, such as cable, wireless and
2 satellite.

3 Q. Well, shouldn't that be a concern really
4 of AADS more than Ameritech Illinois, the ILEC?

5 A. Well, I have some responsibility for the
6 technology for those companies as well.

7 Q. In the same sense you have responsibility
8 for the technology for Rhythms, right?

9 A. To some degree, yes.

10 Q. I mean, if we are both trying to use your
11 unbundled network, some witnesses have said that AADS
12 is no different than Rhythms. Do you think that's
13 true?

14 A. I don't know the legal sort of
15 description of the two, but they are in a similar
16 business, I think, particularly as it relates to DSL.

17 Q. Do you think they are supposed to be in
18 the same shoes, vis-a-vis Ameritech Illinois, the
19 ILEC, right now?

20 A. Say that again.

21 Q. Do you think that Rhythms and AADS are
22 supposed to be in the same shoes vis-a-vis Ameritech

1 Illinois?

2 A. Absolutely.

3 Q. Well, then aren't these concerns about
4 how the FCC or the Illinois Commerce Commission
5 regulates advanced services really concerns of Rhythms
6 and AADS, and not those of Ameritech, the ILEC?

7 A. I am having a hard time, I guess, making
8 a distinction between --

9 Q. So am I. But do you understand that
10 Ameritech is not providing advanced services, right?

11 A. Yes, I do.

12 Q. Isn't Ameritech's job to try to sell
13 whatever it can in terms of advanced services by
14 selling through AADS and Rhythms and Covad and Sprint
15 and everybody else out there?

16 A. For the wholesale product that is the
17 broadband service, that's correct.

18 Q. How about for UNEs?

19 A. I would expect that would be true of UNEs
20 as well.

21 Q. So shouldn't Ameritech's concern here be
22 trying to maximize the revenues it gets from all kinds

1 of CLECs, including Rhythms, Covad, Sprint and AADS?

2 A. Well, it should be to maximize the
3 revenues that it gets from this technology on this
4 project. To do that I need to be competitive against
5 cable, satellite and wireless. That's the focus of
6 this conferencing.

7 Q. Who is I? Is it Ameritech or is it AADS?

8 A. It would be AADS, I think.

9 Q. Well, they aren't here, are they, in this
10 room?

11 A. Well, I do their technology work as well.

12 Q. Do you do their regulatory advocacy, too?

13 A. Not necessarily.

14 Q. Are they an intervenor in this case?

15 A. I don't honestly know.

16 Q. On page 22, lines 4 through 7, you say,
17 "Harmonizing regulation to be technology neutral is,
18 of course, difficult for state commissions that may
19 have little or no authority over cable, satellite and
20 wireless companies, but that does not reduce the harm
21 of making ILECs, providing DSL service, compete
22 against cable modem service providers with one arm

1 tied behind their backs," do you see that?

2 A. Yes, I do.

3 Q. That sentence is not accurate, is it?

4 ILECs don't provide DSL service, do they?

5 MR. BINNIG: I am going to object at this
6 point. If we are talking about retail DSL service, we
7 need to be clear.

8 Q. I am reading his testimony. What do you
9 mean, Mr. Ireland? What do you mean when you say -- I
10 will withdraw the question. What do you mean when you
11 say, when you talk about making ILECs providing DSL
12 service compete with one hand tied behind their backs?
13 What kind of service are you talking about there?

14 A. I think I see where you are going, but
15 what I would say relative to this is AADS, our
16 subsidiary, is the provider of retail service. The
17 ILEC itself provides a wholesale service to AADS as
18 well as every other competitive CLEC, and under the
19 same terms and conditions in all instances. I
20 probably use the term ILEC in here potentially
21 incorrectly. It maybe should have been AADS. As I
22 represent the company at large, including AADS, I

1 didn't make that specific distinction.

2 Q. Okay. I understand, thank you. Now, so
3 the customers that you have for this advanced services
4 platform, AADS and Rhythms and Covad and Sprint, I
5 take it that you have already testified you take
6 account of AADS' needs because you are the CTO for the
7 ILEC and for AADS, right?

8 A. I am.

9 Q. And how do you take account of the needs
10 of Rhythms?

11 A. Through a collaborative process that's
12 been set up to be able to get input from CLECs on what
13 kinds of technologies and what they would like
14 deployed on their behalf.

15 Q. Now, if you are going to succeed in the
16 competitive marketplace, you have got to listen to
17 your customers, right?

18 A. I would hope so.

19 Q. Then if you are going to succeed, you
20 really want to try and give them what they are asking
21 for, right?

22 A. I would hope so.

1 Q. Well, you know that Rhythms has been
2 asking for Pronto as UNEs for the last three rounds of
3 this case, don't you?

4 A. They may have.

5 Q. You don't know that for a fact?

6 A. Not specifically, no.

7 Q. Nobody told you that was what they wanted
8 in any of these cases, is that your testimony?

9 A. That they wanted a UNE per se?

10 Q. Yes.

11 A. I do not know specifically what Rhythms
12 asked for. I am presuming that people ask for a
13 number of different things that made up these UNEs
14 that were ultimately ordered.

15 Q. Did you ask Covad what they wanted,
16 another one of your customers? Did you ask Covad if
17 they wanted UNEs or not?

18 A. I would expect so. I did not do that
19 personally.

20 Q. Were you aware that Covad ever asked SBC
21 for Pronto as UNEs in Illinois?

22 A. I don't know specifically.

1 Q. How about Sprint?

2 A. Same answer.

3 Q. How about AT&T?

4 A. Same answer.

5 Q. How about MCI?

6 A. Don't know.

7 Q. Okay. On page 24 of your direct, here
8 now you are talking about from the previous question
9 -- I am sorry, from the previous page where the
10 question is, the question is, "Can you explain the
11 basic reasons why the Order makes Project Pronto DSL
12 deployment uneconomic?" Do you see that?

13 A. Yes, I do.

14 Q. And the first thing you talk about
15 beginning at line 6 on page 24 is an assertion that
16 the Order would deprive Ameritech Illinois of control
17 over the new equipment. Do you see that?

18 A. I do.

19 Q. And you talk about what you call some
20 kind of fiber sharing, do you see that on line 8?

21 A. I do.

22 Q. What does that mean? What is some kind

1 of fiber sharing?

2 A. A good question. I don't know. The term
3 has been used in some of the material to indicate
4 something akin to what is linesharing on fiber optics.
5 It was not clear to me what that is. Since when you
6 do this on a copper loop, the copper loop linesharing
7 actually reflects a sharing by two parties, the ILEC
8 and a CLEC in this case, the low frequency portion of
9 the loop and the high frequency portion of the loop.
10 No such analog exists for fiber optics.

11 Q. So then you find that confusing, I take
12 it?

13 A. I do.

14 Q. It doesn't seem to you to be what we
15 might call a UNE?

16 A. No, it does not.

17 Q. Well, I will give you a hint we talked
18 about this with Mr. Lube about three times, but maybe
19 it will be new for this discussion. Are you aware
20 that I can go out right now and get from Ameritech
21 Illinois a voice-grade UNE loop?

22 A. Yes, I am.

1 Q. And that that loop can be provided over
2 in one configuration all copper?

3 A. Yes.

4 Q. It can be provided over another
5 configuration a combination of fiber and copper?

6 A. Yes.

7 Q. Do you think that voice UNE occupies the
8 entire fiber facility as it goes from the RT to the
9 central office?

10 A. No, it does not.

11 Q. What does it occupy?

12 A. A portion of that loop.

13 Q. And it occupies a time slot on an
14 ATM-based fiber system, right?

15 A. Typically.

16 Q. But that don't prevent Ameritech from
17 offering voice-grade loop on voice-over DSL, does it?

18 A. No, it does not.

19 Q. What is it about that technology that
20 confuses Ameritech there?

21 A. We weren't talking about packet
22 technology. We were talking about circuit switching.

1 I am very confused by the question.

2 Q. I want to flip back to DSL and that
3 linesharing. Linesharing is going to run over the ATM
4 cell-based OSS going back to the central office, isn't
5 it?

6 A. Linesharing, again as I know it, is a
7 figment of being able to take apart the analog
8 bandwidth associated with a copper loop. It's a
9 terminology that was brought into place because we
10 needed a word to be able to describe what would occur
11 on a copper pair when the analog bandwidth from about
12 zero to three kilohertz was used by the ILEC and the
13 upper frequencies of that bandwidth, identified as the
14 high frequency portion of the loop typically from
15 about 40 kilohertz to about 1.1 megahertz, are shared
16 by a competitive carrier. That's a unique sort of use
17 of the term linesharing.

18 So I don't see a linesharing equivalent,
19 if you will, because none of those circumstances exist
20 in a fiber optic environment which is a multiplex
21 number of channels, all of the same size, all digital.
22 That's a very different kind of technology. So if

1 your question is can you put a POTS loop on fiber, the
2 answer is yes. Can you lineshare it under the
3 terminology used for copper, the answer is no.

4 Q. Okay. Have you ever read any of the FCC
5 orders on this or heard about it?

6 A. I have read parts and parcels but
7 probably not all of them.

8 Q. Is linesharing a UNE in the FCC's
9 decision?

10 MR. BINNIG: Object. This calls for a legal
11 conclusion.

12 MR. BOWEN: I am asking for his understanding
13 as a non-lawyer.

14 MR. BINNIG: I am still objecting. It is
15 immaterial. It is a waste of time. The documents
16 speak for themselves.

17 JUDGE WOODS: I think he is being asked about
18 his understanding in the order.

19 THE WITNESS: Would you repeat the question,
20 please?

21 Q. Sure. Did the FCC declare linesharing to
22 be a UNE?

1 A. I believe that there are parts of
2 linesharing that are identified as UNEs, yes.

3 Q. And did the FCC declare linesharing to be
4 required not only on all copper but on fiber-fed DLC
5 systems as well?

6 A. I don't recall that.

7 Q. You don't recall that. On line 12 and 13
8 you say, "Second, as other witnesses discuss the
9 Order," meaning the ICC's Order in this case, "but
10 force Ameritech Illinois to incur significant
11 additional costs to deploy and maintain the Pronto DSL
12 equipment," do you see that?

13 A. Yes, I do.

14 Q. Now, are the witnesses you are talking
15 about here Mr. Keown?

16 A. Specifically, yes.

17 Q. Anybody else?

18 A. I would think that many of the other
19 witnesses will testify to work that has to be done.

20 Q. Your testimony is in effect cast in stone
21 when you file it. You say "Second, as other witnesses
22 discuss," who did you have in mind?

1 A. Many witnesses will discuss items that I
2 believe will drive costs into Project Pronto. James
3 Keown will specifically speak to many of those costs,
4 not all of them.

5 Q. You have nothing independent to bring to
6 the table beyond the testimony you are referring to of
7 other witnesses, is that right?

8 A. Not specifically.

9 Q. Okay. Then down on line 16 through 18
10 you are talking about the additional, what you
11 characterize as, the regulatorily created costs of
12 providing for these UNEs, including the significant
13 costs to develop the OSS to allow for the
14 pre-ordering, ordering, provisioning repair,
15 maintenance and billing for these UNEs and collocation
16 options. Do you see that?

17 A. Yes, I do.

18 Q. Are you testifying that SBC has vendors
19 that have never addressed the issue of developing OSSs
20 that you describe to support Project Pronto as UNEs?

21 A. To the best of my knowledge, no, we have
22 not.

1 Q. That includes Telecordia?

2 A. I don't know specifically about
3 Telecordia.

4 Q. Isn't that the biggest vendor of your
5 OSS?

6 A. Certainly one of the large ones.

7 Q. But are they the vendor that supplies
8 SORD, SOAC, LFACS, TIRKS, SWITCH DLE?

9 JUDGE WOODS: We are going to need those.

10 MR. BOWEN: I am sorry, SORD, S-O-R-D; SOAC,
11 S-O-A-C.

12 JUDGE WOODS: Those are all caps, right?

13 MR. BOWEN: Yeah. SWITCH DLE, Switch like it
14 sounds, DLE, separate word; TIRKS, T-I-R-K-S; LFACS,
15 L-F-A-C-S.

16 Q. Aren't those all Telecordia proprietary
17 systems?

18 A. I am not sure about SORD. The California
19 company with which I am most familiar with, SORD was
20 an in-house product. But the others I believe are
21 made by Telecordia, yes.

22 Q. Have you ever heard of the Telecordia

1 so-called Linesharing Solution?

2 A. I vaguely remember it. I am not
3 personally real familiar with it, no.

4 Q. Do you know a gentleman named Hadi
5 Sadrosadat?

6 A. No, I do not.

7 Q. I will spell it. First name H-A-D-I,
8 second name S-A-D-R-O-S-A-D-A-T. Have you ever heard
9 of Phase I and Phase II of the Telecordia Linesharing
10 Solution?

11 A. No, I have not.

12 Q. Do you know whether SBC asked Telecordia
13 to develop or to modify its OSSs to support
14 linesharing on all copper loops?

15 A. I don't know specifically.

16 Q. Do you know whether SBC asked Telecordia
17 to modify its OSSs to support linesharing on Project
18 Pronto fiber-fed DLC architecture?

19 A. I don't know specifically.

20 Q. What about Alcatel? That's one of your
21 vendors, right?

22 A. It is.

1 Q. Isn't that the prime vendor for the
2 Pronto DLCs?

3 A. Yes, it is.

4 Q. Now, you configure the DLC systems with
5 something called the Alcatel Management System or the
6 AMS, is that right?

7 A. That's right.

8 Q. That's what's known as an element
9 manager, is that right?

10 A. That's correct.

11 Q. That's used in ATM networks, right?

12 A. I think the element management system
13 that we are talking about is the RT side element
14 management system?

15 Q. Yes.

16 A. I don't know if that's the same one
17 that's used in the ATM environment specifically or
18 not.

19 Q. Do you know whether SBC ever asked
20 Alcatel to modify its AMS by partitioning that system
21 to allow CLECs access to it?

22 A. I don't know.

1 Q. Well, if you don't know -- strike that.
2 Are these two companies your major outside OSS vendors
3 for Project Pronto?

4 A. They are -- the Alcatel company is the
5 supplier of the RT side equipment; not exclusively,
6 but they have the majority of the contract.
7 Telecordia is one of my largest OSS providers.

8 Q. Okay. If you don't know anything about
9 whether the company even asked or what the company
10 even asked for from these vendors to support
11 linesharing on Project Pronto, how do you know whether
12 or not there are any additional costs for providing
13 Pronto as UNEs?

14 A. At the time that the Order was put out
15 and it showed all of the unbundling requirements,
16 there was study work done inside of the company to
17 determine the approximate cost of what the OSS work
18 would be to support those UNEs. I did have a chance
19 to be part of the discussion and got a read out on
20 what the estimate was associated with those costs.

21 Q. Is that what Mr. Hamilton is here to
22 testify about?

1 A. What's the name?

2 Q. Hamilton?

3 A. I think he is actually testifying on
4 process-related work. I think Steve Waken is the
5 expert on the OSS systems.

6 Q. Okay. But that's what you have in mind
7 when you testify here then?

8 A. Yes, I do.

9 Q. Page 5 of your direct, you were asked a
10 question, "But how can data CLECs compete without the
11 benefit of the collocation and unbundling requirements
12 in the Order," do you see that?

13 A. Yes, I do.

14 Q. You say that they can invest their own
15 money, just like Ameritech did. They can build all or
16 part of their own advanced services network, right?

17 A. That is correct.

18 Q. Do I understand you to be suggesting that
19 Rhythms, for example, in Illinois, for example, go out
20 and over build your loop network?

21 A. For advanced services, that is a
22 possibility for them, yes.

1 Q. How would that work exactly?

2 A. They might place DSLAM equipment or
3 mini-RAM equipment that looks like a small DSLAM out
4 in the network or in a customer's prem, and be able to
5 provide that service directly.

6 Q. But that's -- I thought you were saying
7 here that when you say build all of an advanced
8 services network, wouldn't you have to get from the
9 customer's premises to some kind of node or switching
10 location?

11 A. You would probably have to get from the
12 customer's prem back to wherever Rhythms wanted to
13 pick up that service. To do that, they could build
14 their own loop plant or they could pick up an
15 unbundled loop or a piece of dark fiber or they could
16 build their own fiber. Many of the CLECs have done
17 that.

18 Q. When you say all, that's what you mean,
19 you mean build the whole loop, right, or a series of
20 loops?

21 A. That's one option they have.

22 Q. You think it's economic in the general

1 sense?

2 A. That's what Qwest is going to do in
3 Chicago, what they have said they are going to do in
4 Chicago.

5 Q. Then on page 26 you are asserting here
6 that the Order requiring Pronto to be unbundled, you
7 think, will discourage data CLECs from investing in
8 their own facilities. Do you see that?

9 A. Yes, I do.

10 Q. You say, "In other words, CLECs will have
11 an economic incentive to co-opt the ILEC's investment
12 in new advanced services facilities if they can
13 cheaply, at little or no investment risk, piggyback on
14 those facilities rather than actively deploy their own
15 advanced services equipment, do you see that?

16 A. Yes, I do.

17 Q. Well, do you think that all UNEs, to use
18 your terms, co-opt ILEC investment?

19 A. All UNEs, could you describe that better,
20 give me a different --

21 Q. Well, do you think that loop UNEs, for
22 example, create the same kinds of incentives to

1 co-opt, say, Ameritech's investment you are describing
2 here?

3 A. I think that's a very different set of
4 circumstances because, again, the basic loop
5 infrastructure has been identified as one of the
6 legacy elements that would be unbundled under the
7 Order. The investment we are make here in DSL
8 equipment is an advanced services piece of equipment.
9 That's a very competitive marketplace. And, yes, it
10 is possible, I believe, that by having substantial
11 additional cost on it, that product would be co-opted
12 and not competitive with others in the marketplace.

13 Q. Do I hear you say that the price would be
14 too high or too low?

15 A. I don't think you heard either one.

16 Q. Okay. Then I need to understand your
17 answer better.

18 A. Maybe I need to have the question
19 repeated once again.

20 Q. Okay. Well, here you are saying with
21 respect to what the Commission ordered here which is
22 unbundling Pronto for linesharing, if that sticks, you

1 think CLECs will have an economic incentive to co-opt
2 the ILEC's investment, that's your words, right?

3 A. Yes.

4 Q. On lines 19 and 20. What do you mean by
5 that? What do you mean co-opt the ILEC's investment?

6 A. What I mean is that we invested in the
7 technology with the reasonable belief that it could be
8 used by all CLECs and that it could be done in an
9 economic manner that would allow CLECs, all CLECs
10 again, to compete with others, as an example, cable
11 and wireless and satellite. To the degree that -- I
12 am sorry, I lost my train of thought. To the degree
13 that CLECs now come in and get the unbundled elements
14 that we have just described, the cost structure
15 associated with that, I believe, will be one that the
16 ILEC could no longer control. That is a whole variety
17 of different services could be provided over that.
18 That would drive substantially additional costs into
19 the network.

20 Q. Okay. Well, you have heard the term
21 TELRIC, have you not?

22 A. I have.

1 Q. What does that mean to you in plain
2 english?

3 A. That means being able to price at a
4 forward-looking rate.

5 Q. Okay. And are you making any
6 presumptions about whether or not the rates that will
7 be charged for these UNEs would be TELRIC-based or
8 not? Can you answer those questions as you have?

9 A. I am actually assuming that they would be
10 TELRIC-based.

11 Q. Okay. Hasn't the FCC -- and this is a
12 non-lawyer question I am going to ask him, I am going
13 to ask him for a lay understanding. Hasn't the FCC
14 and this Commission decided that TELRIC-based rates
15 are fully compensatory for Ameritech?

16 MR. BINNIG: I am going to object to the
17 relevance.

18 JUDGE WOODS: I think it's extremely
19 relevant. Answer the question.

20 A. The issue isn't associated with whether
21 or not TELRIC rates are compensatory or not. The
22 issue is whether or not when you drive a large amount

1 of cost into the network like this and you are in a
2 competitive marketplace against cable modems, wireless
3 providers and others, does your cost structure allow
4 you to be competitive in that marketplace. To the
5 degree that it does not, it doesn't make any
6 difference what the TELRIC rates are. Nobody will buy
7 the product if in fact it is non-competitive.

8 Q. Okay. Would you admit the possibility
9 that you are wrong or Mr. Keown is wrong about his
10 five hundred and whatever it is million dollars that
11 will be added by offering Pronto as UNEs?

12 A. I might admit that his cost structure
13 might not be perfect once actual estimates come in,
14 but what I would tell you is that the numbers are so
15 high that even if it were a fraction of that amount,
16 this would be a very difficult technology for us to do
17 in this unbundled way. Additionally, the loss of
18 control associated with it, the difficulty of
19 operating it, the time to implement these unbundled
20 network elements would all contribute to the
21 non-competitiveness in my opinion that would occur
22 against cable.

1 Q. So what you are saying is that you think
2 TELRIC rates might be not high enough?

3 A. I have no -- I am not saying anything
4 about TELRIC rates. I am talking about the costs that
5 can be sustained in a marketplace were the price for
6 the product is dictated by the competitive products
7 that are out there.

8 Q. Okay, fair enough. So what you are
9 saying is, even if the rates that the Commission might
10 set would be TELRIC-compliant for Project Pronto as
11 UNEs, the company's judgment is that those would be so
12 high they couldn't be competitive against cable modem,
13 is that what you are saying?

14 A. That is one thing that I am saying, yes.

15 Q. Okay. This is not an idle kind of
16 conclusion to draw, is it? You don't just kind of
17 guess at something like that, right?

18 A. Certainly not something we take lightly.

19 Q. And you wouldn't shut down Pronto on a
20 bet, right? You would do some analysis if that was
21 the basis for the shut down?

22 A. That's true.

1 Q. And so if you are saying you shut down
2 Pronto on the basis that, even if the Commission sets
3 TELRIC-compliant rates, the prices would be so high
4 that you through AADS can't compete with cable modems,
5 right?

6 A. There is a whole variety of reasons that
7 I am trying to give.

8 Q. But that's one of them, isn't it?

9 A. That would be one that we would consider,
10 yes.

11 Q. So have you done an analysis that proves
12 this in?

13 A. Detailed analysis, no, I don't believe we
14 have.

15 Q. Have you done a napkin-based analysis on
16 this?

17 A. I have no such napkin.

18 Q. Have you done any analysis to support
19 your, I guess, belief that offering Pronto as UNEs,
20 even at the prices that will be thrown out by
21 Mr. Keown's \$500 million cost estimate, would cause
22 AADS to be non-competitive against cable modems?

1 A. Given the cost work that we have
2 currently seen on where we are relative to DSL
3 deployment and our competition against other providers
4 in the marketplace, we believe that that's one
5 consideration that we need to make. We have made that
6 consideration.

7 Q. Okay. Now, would you go to the board of
8 directors and say I think you should shut down Project
9 Pronto because I believe that, if we priced it at
10 TELRIC, Mr. Keown's numbers, it won't be competitive
11 with cable modems? Would you do that, Mr. Ireland?

12 A. What I would do is, with the information
13 that I have on our estimates of what the costs are
14 going to be and our belief about the marketplace, I
15 think I would be willing to go to the board of
16 directors and say I think this undertaking is too
17 risky, without the level of detail necessary to be
18 able to specifically identify what we think the market
19 issue would be around that particular entry, yes.

20 Q. Would you need to know, not just what
21 your costs are, but what you are competing against for
22 cable rates?

1 A. Yes, you would.

2 Q. Wouldn't you need to estimate their own
3 cost structure?

4 A. Yes, you would.

5 Q. And have you done that?

6 A. Some, yes.

7 Q. And is there an analysis that shows the
8 result of new numbers, including Mr. Keown's numbers,
9 set against cable modem network stocks and revenue
10 prices?

11 A. Not specifically that I know of, no.

12 Q. That certainly is a standard thing that
13 the business planners would do, isn't it?

14 A. Standard thing, we do it when we have the
15 facts and we have the information.

16 Q. And when you don't have the facts, they
17 estimate it, don't they?

18 A. Sometimes.

19 Q. Do you know that that was done before you
20 decided to shut down Pronto in Illinois or not?

21 A. In a documented and rigorous way, no, I
22 don't.

1 Q. You don't. You have never seen such an
2 analysis, have you?

3 A. I have seen parts of an analysis that
4 would indicate what prices cable was charging in the
5 market.

6 Q. Have you seen an integrated analysis
7 which compares what you think the new cost of Project
8 Pronto is against the cost and prices in the cable
9 modem market, your chief competitor?

10 A. No, I have not, not specifically.

11 Q. All right. Now, on page 27 of your
12 testimony --

13 MR. BINNIG: Your Honor, is this a good time
14 for a break? I don't know, but we have been going --

15 JUDGE WOODS: Okay. Let's take ten.

16 (Whereupon the hearing was in
17 a short recess.)

18 JUDGE WOODS: Back on the record. Mr. Bowen?

19 MR. BOWEN: Thank you, Your Honor.

20 Q. Okay. Mr. Ireland, I want to address
21 something I think I heard you say before the break. I
22 think I heard you say that, even if Mr. Keown is wrong

1 in his estimate, that you think that providing Project
2 Pronto in compliance with the ICC Order would still
3 cause it to be a non-starter. Did I hear you say
4 something like that?

5 A. Typically, yes, I think so.

6 Q. Well, his estimates -- and you know you
7 have seen them, right?

8 A. Yes, I have.

9 Q. There is something about \$500 million to
10 comply with the Order, right?

11 A. Yes.

12 Q. What if he is off by a factor of ten?
13 What if it is only \$50 million?

14 A. I don't think he has included all of the
15 components so I believe that there are going to be
16 other costs beyond those that he has in his \$500
17 million estimate.

18 Q. Well, maybe so. You quote Mr. Keown \$500
19 million and I am saying I want you to assume that it's
20 really \$50 million. Is your answer still the same?

21 A. Probably, yes.

22 Q. What if it is \$5 million?

1 A. It may still be the same if all the other
2 terms and conditions, which indicate that I have lost
3 control, I have a long time frame to implementation,
4 all of those issues weigh into the decision.

5 Q. What if there is no increase in costs but
6 the other factors identified just now are still there?

7 A. I might still not do it.

8 Q. So it is not about the money?

9 A. It is about the money as one of the items
10 that we consider.

11 Q. If the money goes away, you still
12 wouldn't do it?

13 A. No, I said I might not do it.

14 Q. Well, here we are again. If the money
15 goes away -- I will ask you the same questions I asked
16 the other witnesses before. If the money goes away,
17 if we prove to the Commission that Mr. Keown is well
18 intentioned but wrong, and there is really no
19 difference in cost to comply with the Order, if the
20 rest of the conditions stick, would you or would you
21 not suspend -- keep the Project Pronto deployment
22 suspended in Illinois?

1 A. If the requirements were to unbundle as
2 they are identified in the Order?

3 Q. Uh-huh.

4 A. First of all, I don't think they can be
5 near zero. In fact, I believe they are in the
6 hundreds of millions of dollars. But irrespective of
7 what I might think, if I take your assumption that
8 they are zero, along the way to be able to implement
9 those and the inability to be able to control the
10 asset in a competitive marketplace, it would likely
11 cause me not to go forward.

12 Q. And how long did you have in mind there?

13 A. I think that the unbundling that has been
14 required is going to be very difficult and complex to
15 do. I would be surprised if it could be done in less
16 time than perhaps a year.

17 Q. Okay. So let me get this straight. If
18 we assume only for discussion purposes the cost delta
19 and we keep in mind that you said this is a ten-plus
20 useful life asset you are talking about here, you are
21 saying if you delay cranking it out again by a year,
22 that it's a non-starter?

1 A. Yes.

2 Q. Is that based on a net present value
3 analysis or not? I mean, you pushed out the
4 investment revenue streams by a year, right?

5 A. It's based on a belief that this is a
6 product that's being placed in service to be in a
7 competitive marketplace, a very different kind of
8 marketplace. My belief is that if you wait a year
9 before you bring this back on line, you will have
10 waited a sufficiently long period of time that,
11 combined with other delays we have already had, I
12 think it will be very difficult for this to compete
13 with other technologies and services like cable and
14 potentially later on like wireless.

15 Q. So you can never catch up with cable if
16 you are delayed, is that your testimony?

17 A. I am saying that that's possible, yes.

18 Q. Well, a lot of things are possible. Do
19 you think it's likely?

20 A. Likely, I think it will be much more
21 difficult to compete in a market like that if in fact
22 I am not there for a year's time.

1 Q. Well, didn't you just say that if you had
2 a to wait for a year, assuming that your delay is
3 correct, that you wouldn't do it, you wouldn't deploy,
4 you wouldn't crank up Pronto again?

5 A. I think I said that it was unlikely that
6 I would crank it up again, yes.

7 Q. You are just going to walk away from the
8 broadband market?

9 A. I am going to walk away from this portion
10 of the wholesale broadband market, yes.

11 Q. What does that qualification mean?

12 A. That means that AADS still has a retail
13 service that's based on using unbundled loops.

14 Q. All copper loops, you mean?

15 A. All copper loops, correct.

16 Q. So you are going to walk away from all
17 those positive net present value expense savings?

18 A. I am not convinced that I can get them
19 under these terms and conditions.

20 Q. You are going to walk away from all of
21 those new revenue flows that you say will throw up a
22 \$10 billion net present value?

1 A. I am not convinced I can get them under
2 these terms and conditions.

3 Q. Okay. On page 27 of your testimony --

4 JUDGE WOODS: Is this a new area?

5 MR. BOWEN: Yes.

6 JUDGE WOODS: Okay. Because I am a little
7 confused, too. Under the current unbundling
8 requirements as they exist in the Order, how is that
9 going to affect the wholesale service that you agreed
10 to in the Merger Condition Waiver Order.

11 THE WITNESS: The broadband services?

12 JUDGE WOODS: Uh-huh.

13 THE WITNESS: If they are additive to the
14 broadband services, and I am assuming that they are,
15 the difficulty of doing those is what we are really
16 talking about. Those wind up being very, very
17 difficult to implement and very, very costly to
18 implement. We believe that the additional cost on
19 that wholesale product will make it, not only
20 difficult for AADS, but frankly for all other
21 competitors to compete in that marketplace.

22 JUDGE WOODS: Your opinion is that the

1 broadband service provides a competitive alternative
2 for everybody to use to compete with cable, right?

3 THE WITNESS: Yes, that is the option that we
4 have offered.

5 JUDGE WOODS: That's going to run on the
6 Project Pronto overlay service as it's currently
7 envisioned by SBC to go in, right?

8 THE WITNESS: Yes, that's true. We would
9 make that available for a period of three years.

10 JUDGE WOODS: Okay. Now, what you are saying
11 is you think it's going to be really difficult to meet
12 the unbundling requirements, but what I don't
13 understand is what from an engineering perspective are
14 you going to have to do that's going to stop you from
15 putting in Project Pronto, using it to provide the
16 broadband service while you are doing whatever it
17 takes to provide it as UNEs, to provide the unbundled
18 Project Pronto service? Why are those not -- why
19 can't both of those happen at the same time or during
20 the same period of time?

21 THE WITNESS: They probably could happen
22 simultaneously. The problem winds up being that to

1 provide those UNEs requires a substantial investment,
2 and that that investment, the loss of control on that
3 platform, make it difficult for me as a business
4 person to say I think this is a good investment to
5 make now. So we look at that and say, gee, if we have
6 to invest X number of millions of additional dollars,
7 we have to spend a very long time working out the
8 details of how this unbundling could be done if at
9 all. That looks very difficult to us.

10 JUDGE WOODS: Again, we are back to this
11 TELRIC pricing idea. If the idea is that it's going
12 to be so expensive that nobody is going to take it as
13 unbundled network elements, as just a series of UNEs
14 for them in combination as opposed to the broadband
15 service, I guess the question is (A) why would anyone
16 do that and (B) why wouldn't they take the broadband
17 service instead and if the broadband service is in
18 place and in fact competitively priced against cable,
19 it seems like nobody is going to want the UNEs. Does
20 it make sense? I mean, am I missing something?

21 THE WITNESS: No, frankly, I think that may
22 be correct. But I will still be obligated to invest

1 some, take an estimate, 400 million, 500 million, I
2 don't know what it is going to be, I will have to
3 invest that amount of money and a significant amount
4 of time, energy, administrative work trying to figure
5 out how to be able to build to those unbundled network
6 elements that are required.

7 JUDGE WOODS: But that's Mr. Keown's
8 bailiwick, right? That's what he talks about?

9 THE WITNESS: Yes, it is.

10 JUDGE WOODS: Mr. Bowen?

11 MR. BOWEN: Thank you, Your Honor.

12 Q. Well, Mr. Ireland, what if you found out
13 that one of the Ameritech witnesses filed written
14 testimony that said the only difference between the
15 wholesale broadband service and the UNEs is the name?

16 A. And the UNEs that have been identified by
17 this particular arrangement, there is about eight or
18 so of them?

19 Q. Uh-huh.

20 A. Those are very different.

21 Q. What if one of the Ameritech witnesses
22 said that the only difference between UNEs and the

1 service was the name, not the provisioning of the
2 facility?

3 A. I am not sure I understand.

4 Q. Would it surprise you to find out that
5 one of the Ameritech witnesses said that?

6 A. Well, I am not sure I understand the
7 context under which it was said and what it actually
8 means.

9 Q. All right. Well, what do you -- you have
10 given consistently general answers about what you see
11 as the UNE. What do you think the UNEs are that we
12 are asking for?

13 A. Well, the UNEs as I know them are to be
14 able to provide a separate PVP, to provide a separate
15 PVC, to provide cards in the actual RT site, and to
16 unbundle in three different locations the actual
17 distribution copper at the RT site or between the RT
18 site and the premise.

19 Q. Okay. Let's take those one at a time.
20 The piece between, the copper between the back plain
21 of the plug-in card and the customer premises, can we
22 think about that as a subloop?

1 A. I would expect that's a portion of a
2 subloop, certainly.

3 Q. Okay. And can we think of the piece
4 between the SAI and the premises as a subloop?

5 A. A portion of one, certainly.

6 Q. Well, isn't a subloop a portion of a loop
7 by definition?

8 A. Yes.

9 Q. So anything less than a whole loop is a
10 subloop, right?

11 MR. BINNIG: I will object, Your Honor. The
12 FCC has defined what a subloop is in the UNE Remand
13 Order. It speaks for itself. And I think to the
14 extent we are going to ask for witness' understanding
15 of that issue, it is not relevant.

16 MR. BOWEN: This witness is saying he can't
17 do UNES.

18 JUDGE WOODS: I think so, too. He can
19 answer.

20 THE WITNESS: Repeat the question, please.

21 Q. Sure. Is it fair to call the copper
22 between the RT and the premises a subloop?

1 A. I don't know the official definition of
2 this by the FCC Order, so if you want the official
3 definition I would like to ask that we actually get
4 that document.

5 Q. I am asking for your understanding, since
6 you say you can't do the UNEs, including these
7 subloops, I am asking what you understand that to
8 mean.

9 A. Well, I am saying I can't do them
10 economically or reasonably in a manner that I think
11 that I am being asked to do that based on my
12 interpretation of the Order.

13 Q. So I will talk about what the "them" is,
14 the subloops, the UNEs, okay. We just ran off some.
15 Is it fair to say that -- you understand this
16 Commission to have ordered you to provide a subloop
17 between the RT and the customer premises on copper?

18 A. Yes, I do.

19 Q. And do you understand this Commission to
20 have ordered you to provide a subloop between the SAI
21 and the premises on copper?

22 A. Yes, I do.

1 Q. And do you understand this Commission to
2 have ordered you to provide a subloop from the RT to
3 the central office terminal and/or OCD?

4 A. Yes, I do.

5 Q. And do you understand this Commission to
6 have said we get to collocate ADLU cards in the RT via
7 virtual collocation?

8 A. I believe it's ownership, that the actual
9 ownership of that card would rest with the competitive
10 carrier.

11 Q. So you think this Commission said
12 physical collocation?

13 A. Well, again, collocation is a definition
14 under the FCC Order. So what I believe is being asked
15 is that, if I unbundle in such a way that a
16 third-party competitor can actually own the card,
17 that's in the RT.

18 Q. Okay. Do you understand the difference
19 between virtual and physical collocation, Mr. Ireland?

20 A. I think so.

21 Q. What's your understanding of the
22 difference?

1 A. Physical collocation is where you
2 actually have a piece of equipment in the central
3 office. That piece of equipment is owned by the
4 competitive carrier, and that piece of equipment is
5 typically in a cage or in some space within the area.

6 Virtual collocation is where the piece of
7 equipment is owned by the ILEC -- I am sorry, owned by
8 the CLEC and that that piece of equipment is placed in
9 the central office. No, I am sorry, I misspoke. That
10 piece of equipment is actually owned by the ILEC that
11 is in the central office and maintained on behalf of
12 the CLEC.

13 Q. And what do you understand the Commission
14 -- what kind of collocation do you understand the
15 Commission to have ordered with respect to ADLU cards
16 at the RT, virtual or physical or both?

17 A. If the CLEC owned this device, it had
18 the ability to place it in the RT site. I didn't
19 spend a lot of time trying to determine whether that
20 is virtual or physical.

21 Q. Well, do you have any opinion as to
22 whether it's virtual or physical sitting here today?

1 A. Under the circumstances, I would expect
2 it to be physical.

3 JUDGE WOODS: Would it make a difference?

4 THE WITNESS: Yes, it would, if in fact the
5 ILEC owns the card.

6 JUDGE WOODS: So if the Commission were
7 specific -- and I think being the guilty party that
8 wrote that order, I think it is a little less clear
9 than it should be -- but if the Commission were to
10 specifically note in any rehearing order that the
11 collocation of line cards would be strictly virtual
12 without the opportunity for physical collocation,
13 would that take care of that part of the equation for
14 you?

15 THE WITNESS: I am not sure it would
16 completely take care of it, but it would certainly be
17 different. It would be something we would want to go
18 back and look at.

19 Q. Fair enough. Do you understand Hearing
20 Examiner Woods to be suggesting when he says virtual
21 that a CLEC would purchase the card and transfer
22 ownership to Ameritech Illinois for placement and

1 maintenance and so forth?

2 A. I don't know all of those specific
3 details yet, no.

4 Q. Can you assume that that's what virtual
5 collocation means in his question with me?

6 A. Okay.

7 Q. Then your answer is still what it is,
8 that is, under those kinds of conditions you want to
9 take that back and think about it some more?

10 A. Yes, I would.

11 Q. And I talk it you view that as being
12 superior, if you will, to what is called physical
13 collocation of the line card?

14 A. I don't know if it's superior or not.
15 It's different. The problem associated with things
16 like the ability to manage capacity, those problems
17 look like they would still exist. The ability to
18 obtain spares and to work on the platform itself look
19 like they would still exist. Some of the conditions
20 look like they would not exist if in fact I owned that
21 card. But there are many details to work out.

22 Q. Okay, fair enough. All right. So back

1 to UNEs. And we will get to the difference between
2 services and UNEs in a minute. But just in terms of
3 the UNEs that you understand that have been ordered,
4 do you understand that the Commission has ordered you
5 to allow collocation, let's assume it's virtual for
6 discussion purposes, of the line card and by doing so
7 Rhythms and others get to access two subloops by
8 plugging the card into the DLC chassis, that is the
9 copper subloop from the pinouts at the back of the
10 card slot to the premises, and the fiber subloop from
11 that same location through the card back to the
12 central office terminal or OCD?

13 A. It would access a whole variety of things
14 by plugging in that card, including a whole host of
15 control functions within the RT site. The actual
16 copper pairs associated with the connection between
17 the RT site and the customer premise, I believe in a
18 circuitous way, does terminate on the back of that
19 card. It's not clear to me that the termination for
20 the connection between that card and the CO is
21 actually on the back of that card. I simply don't
22 know.

1 Q. Well, if you have a loop that goes from
2 the central office equipment to the premises on fiber,
3 you will agree that's a loop, right? Not a trick
4 question.

5 MR. BINNIG: Well, it is. Would you agree
6 that a loop is a loop is what you just asked him.

7 Q. I said it wasn't a trick question.

8 A. Well, what actually is in place is a
9 fiber optic connection from the central office out to
10 the RT site. It doesn't go to the customer's premise.
11 It terminates in an integrated way at the RT site;
12 that is, the optical cards are in the RT itself. So
13 it's integrated into the platform.

14 Q. Just ask you a simple question, it's a
15 foundational question. A fiber-fed DLC carried loop
16 starts at the CO, goes over the fiber, goes through
17 the NGDLC, onto the copper and onto the premises.
18 There is a path between the two ends points, right?

19 A. There is a way to be able to get data
20 between the two end points. I am not sure there is
21 necessarily a physical path.

22 Q. It flies through the air?

1 A. The digital technology allows you to move
2 digits around and not necessarily physical paths.

3 Q. Isn't there a physical facility that
4 consists partly of copper and partly of fiber,
5 including electronics, between a customer's premises
6 and the central office equipment?

7 A. In the case of a DSL, I am not sure
8 necessarily that there is. I don't know that there is
9 not, but digital technology allows you to do an awful
10 lot relative to moving digits around that don't
11 necessarily have to be contiguous pieces of copper or
12 fiber.

13 Q. Mr. Ireland, I am asking you to talk
14 about Project Pronto as deployed. Is there some gap
15 we weren't aware of where the data flies through the
16 air between locations in some fashion?

17 A. I am not convinced there is a physical
18 connection per se between the incoming fiber path and
19 the outgoing copper path.

20 Q. Because it's light --

21 A. It's a question you might ask the
22 supplier. I simply don't know.

1 Q. It's just a big mysterious box sitting
2 out there?

3 A. Digital technology is a wonderful thing.

4 Q. You are the chief technology officer,
5 Mr. Ireland. You don't know how the signal travels
6 between the central office and the DLC?

7 A. I do know how it travels between the
8 central office and the DLC. But inside the DLC itself
9 I do not know specifically how that is configured and
10 how that is wired.

11 Q. It's electrical, is it not?

12 A. Optical in portions and electrical in
13 others.

14 Q. It comes in as optical into the SONET
15 terminal, right?

16 A. It's actually an integrated terminal.
17 It's a SONET format.

18 Q. And it gets converted to electrical,
19 right?

20 A. I have already told you, I don't know
21 specifically how this is done inside the RT platform
22 itself.

1 Q. At some point somehow, if you are coming
2 from the central office to the premises, it gets
3 converted from optical to electrical to go into the
4 copper, right?

5 A. Yes.

6 Q. So something magic happens in the black
7 box that we can't talk about, but at some point you
8 get a signal from the central office to the premises,
9 right?

10 A. Yes.

11 Q. And if it's a voice-grade loop, it's a
12 voice path, right?

13 A. Yes.

14 Q. And if it's a DSL, it's a series of ATM
15 encapsulated cells between the RT and the central
16 office, right?

17 A. Yes.

18 Q. All right. Just assume that paradigm for
19 a moment. In the middle of that path is a line card,
20 right, an ADLU card in the example of DSL?

21 A. There is a line card in that path, yes.

22 Q. If I pull that card out of the DLC, I

1 break that path, don't I?

2 A. Yes, you would.

3 Q. And those little electrons can't jump
4 across those terminals and keep going, right, you have
5 got to have that card?

6 A. Well, you would be disconnecting that
7 card from the section of the copper facility that goes
8 to the customer's prem. I believe that copper
9 facility does terminate on the card.

10 Q. Okay. So when you pull the card out, you
11 break the two pieces of the loop -- you break the loop
12 into two pieces, right?

13 A. As well as a variety of other things that
14 you are going to break, but yes.

15 Q. And when you put the card in, you rejoin
16 the two pieces of the loop, don't you?

17 A. As two pieces of the loop, the card is
18 connected to the loop. You will disconnect the card
19 from that portion of the loop that is the copper
20 facility going towards the customer's prem. That's
21 the portion that I believe will be broken.

22 Q. And you disconnect the signal path going

1 from the central office to the fiber NGDLC as well,
2 don't you?

3 A. I don't know about the signal path. You
4 would certainly break the ability to be able to get a
5 signal to the fiber optics going back to the central
6 office.

7 Q. Okay. So in there, signal works; out, it
8 doesn't, right? Not a trick question.

9 A. For up to four ports on a line card.

10 Q. So if the Commission decides that each of
11 the pieces I just described that the card connects is
12 a subloop, there is a fiber-driven piece and a
13 copper-driven piece, isn't it fair to say that it is
14 technically feasible to access those by plugging in
15 the line card into that channel bank assembly slot?

16 A. I think that's difficult, because the
17 back of the actual line card contains many pins that
18 are proprietary to Alcatel. So you are making many
19 connections back there besides just the connection
20 that takes the loop out to the customer prem.

21 Q. All right. You wire up the channel bank
22 assembly slots with four pairs on the right and two

1 pairs on the left, right?

2 A. I don't know the configuration of how the
3 pairs are actually terminated at the RT.

4 Q. Isn't it four POTS pairs on the right and
5 four, in effect, high cap leads on the left?

6 A. I don't know.

7 Q. Okay. Well, let's assume that we are
8 talking about an Alcatel card here. We are talking
9 about an ADLU card that Rhythms buys from Alcatel.
10 They will sell us that card, don't you think?

11 A. I expect they would.

12 Q. Okay. So we buy one. And we say to
13 Ameritech, okay, I have got a card. I want you to go
14 out there and via virtual collocation plug that into
15 that channel bank assembly. And it will work, right?

16 A. I expect it would work, yeah.

17 Q. So the pinout's going to be okay because
18 I bought it from Alcatel, right?

19 A. I expect that's true, yes.

20 Q. It will talk to the system software and
21 do whatever it is these little cards do, right?

22 A. I expect that's true, yes.

1 Q. So with that expansion of my question,
2 isn't it true that if the Commission defines a copper
3 subloop and a fiber subloop as they have, then I can
4 access that by having you plug in that line card, that
5 ADLU card, into the DLC?

6 A. Although you may be technically able to
7 access the line card, what you have done is you have
8 created a whole variety of other issues, however.
9 Because the ownership of that card, who controls it,
10 when you are going to place it in the actual location
11 where you need it, the ability to keep it current on
12 PCNs, how to be able to manage the inventory
13 associated with that card, requires a whole amount of
14 sort of overhead and work that is well beyond being
15 able to own that card and be able to sell that card as
16 an encapsulated end-to-end service. And it's all of
17 the other requirements, besides the capacity issues
18 associated where if you own that card and there is
19 only one customer using it, that winds up being sort
20 of a capability that suboptimizes the capacity of that
21 platform. It's one of the ways that we identify loss
22 of control of the investment for DSL service.

1 JUDGE WOODS: What's PCNs?

2 THE WITNESS: Pardon me?

3 JUDGE WOODS: What are PCNs?

4 THE WITNESS: PCNs are changes that are done
5 to cards and/or platforms. They are changes that come
6 out because of a defect that's found or an upgrade
7 that is required. They change, if you will, the issue
8 of the hardware cart and the supplier typically
9 provides notification that a problem has been found,
10 and under negotiation with the supplier those upgrades
11 are made.

12 JUDGE WOODS: So is that done through a new
13 card or is that software at the central office or
14 someplace else?

15 THE WITNESS: It can be either hardware or
16 software. In the case of the RT site, those would
17 actually be physically done at the RT site or they may
18 be software at the RT site that might be remotely
19 loaded. It depends on the type of change you do.

20 JUDGE WOODS: Does that come from the card
21 manufacturer or from the manufacturer of the other
22 equipment at the RT?

1 THE WITNESS: Typically, it would come from
2 the card manufacturer in the case of the card itself.
3 There may very well be other changes that need to be
4 made in the RT, and those changes need to be
5 coordinated because in many parts they work together.

6 Q. You have had every chance and four cracks
7 at this to identify every such operational issue, have
8 you not?

9 MR. BINNIG: I will object to the relevance
10 of the question, Your Honor.

11 MR. BOWEN: I want to make sure we have seen
12 the universe of what Mr. Ireland or the company is
13 alleging as the problems here.

14 JUDGE WOODS: I have got a feeling it's an
15 ever expanding universe, Mr. Bowen, but suddenly the
16 wind is starting to rush by my head and I would just
17 as soon go some place else.

18 MR. BOWEN: All right.

19 Q. Well, Mr. Ireland, if there is some kind
20 of problem with a malfunctioning chip set -- that's
21 one problem you are talking about as an example?

22 A. It could be, yes.

1 Q. That's going to affect SBC-owned cards
2 the same way it would affect Rhythms-owned cards,
3 right? You have got to fix it.

4 A. That's true.

5 Q. And don't you think Alcatel is going to
6 tell all the people who buy its cards, whoops, there
7 is a problem with a card released under whatever it is
8 and you have to do this to fix it; they will tell all
9 the people who bought the card, wouldn't they?

10 A. I need to be sure that the underlying
11 platform works well and I need to assure that those
12 corrections are made in a timely way. If I don't own
13 the asset, my belief is that I do not any longer
14 control the ability to get that done in a timely way,
15 nor necessarily the ability to coordinate those
16 changes with other changes that might be required
17 within the platform itself. That seems risky to me,
18 and I don't like it.

19 Q. Well, you may not like it but haven't you
20 already given up what you view as proper, meaning
21 total control in linesharing anyway when you are in a
22 central office based DSLAM environment and Rhythms

1 owns the splitter in their collo cage?

2 A. No. In those circumstances typically I
3 am in a much better position to be able to roll the
4 customer off that splitter onto something else.
5 That's far more difficult at the RT site. In the CO I
6 can move away from that defective equipment if I have
7 a need to do so.

8 Q. What are we talking about defective
9 equipment? The card is either going to work or it's
10 not, right?

11 A. No, not necessarily. Many of these have
12 intermittent problems on them or problems that have
13 unique circumstances that cause the problem.

14 Q. Do you think the techs go out there with
15 their little soldering guns and magnifying glasses and
16 try to fix the chip sets on the cards?

17 A. I don't think that much of this work is
18 done with soldering guns any more.

19 Q. Okay. Don't you just take out the bad
20 card and put a good card in and take the other one
21 back and look at it someplace?

22 A. It varies.

1 Q. Isn't that the main way you address
2 troubles on any kind of line cards?

3 A. That's not atypical but there are field
4 corrections that are made on cards.

5 Q. Well, how about this? How about when
6 Rhythms owns the card, we say don't try and fix it in
7 the field. Just take a spare out there, take the
8 intermittent or bad card out and put a new one in.
9 How about that?

10 A. You know, the reality is we could
11 continue this and I can keep doing this with you, but
12 as I went through all of the problems associated with
13 unbundling the items that we just talked about, I
14 reached a conclusion that said, because of the cost,
15 degree of difficulty, operational problems associated
16 with this, I wouldn't invest in this technology any
17 more in this sort of environment. So I could take
18 each one of these apart with you if you would like to
19 do so, but it was the totality of all of those,
20 including the costs that are associated with making
21 that happen, that cause me to recommend against
22 proceeding any further with DSL and Pronto in

1 Illinois.

2 Q. Did you decide to shut Pronto down in
3 Illinois yourself?

4 A. I made a representation to Ed Miller who
5 is the president and CEO of Ameritech that I would
6 recommend shutting it down, given what I have seen in
7 the unbundling requirements.

8 Q. That wasn't my question, Mr. Ireland. I
9 said did you decide to shut it down personally?

10 A. No, not personally.

11 Q. Who decided that?

12 A. Ed Miller.

13 Q. Are you aware that there are documents
14 produced in this case that indicate that, not you, but
15 others in the company charged with Project Pronto
16 decisions actually had a base case of assuming that
17 the CLEC would own the card at one point?

18 MR. BINNIG: I will object to the
19 characterization of the question. It is loaded with
20 facts not in evidence.

21 MR. BOWEN: I will put the facts in evidence
22 when the time comes.

1 JUDGE WOODS: He may answer. The question
2 was whether or not he was aware of that. And I think
3 he can say yes or not, whether or not he is aware of
4 it?

5 A. In the early days of looking at the
6 deployment of Project Pronto that was one of the
7 alternatives that was considered. And based on all of
8 the things I just sort of described, we concluded that
9 that was not a reasonable way for us to proceed.

10 Q. Do you recall what that option was
11 called?

12 A. Not specifically, no.

13 Q. Don't recall Option 2A?

14 A. No, I do not.

15 Q. Do you recall Option 3?

16 A. No, I do not.

17 Q. Was there ever an option considered by
18 the company where CLECs would own the line cards and
19 you could actually have multiple CLECs per card?

20 A. I don't recall that.

21 Q. If that had been considered and then
22 deployed, wouldn't that have addressed some of the

1 concerns you expressed and Mr. Keown has expressed
2 about stranded capacity on a card if you get more than
3 one CLEC on a CLEC card?

4 A. I don't know, given the terms and
5 conditions, of how that would be worked.

6 Q. Well, the issue is, as Mr. Keown says, I
7 have got a dual port card, actually talks about quad
8 card, but I have got a card that's got more than one
9 appearance and a CLEC could have only one customer in
10 the SAI served by that card. Do you recall that
11 testimony?

12 A. Say it again, please, I am sorry.

13 Q. Have you read Mr. Keown's testimony?

14 A. Yes, I have.

15 Q. Do you recall him positing that one of
16 the problems could be that you get stranded capacity
17 because if a CLEC owned a quad card, they might only
18 have one customer served from that card?

19 A. Yes, I do.

20 Q. They being at least temporarily three out
21 of the four of those ports are used, correct?

22 A. Correct.

1 Q. Well, if you could have CLECs sharing
2 cards, wouldn't that help address that concern if it's
3 real?

4 A. If everyone could share those cards and a
5 process could be built that was economic, fast to
6 implement, none of which I believe necessarily can be
7 done, you know, it might be able to deal with the
8 utilization issue.

9 Q. You consider yourself to be an OSS
10 expert?

11 A. No, I do not.

12 Q. Well, what you have to be able -- you
13 understand, do you not, that your OSS systems are
14 integrated and designed to be flow through?

15 A. For some purposes and for some
16 applications, yes, they are.

17 Q. And do you think that SBC has made
18 changes to its OSSs that is designed to allow ADSL
19 orders on Pronto to flow through?

20 A. I don't specifically know if all of that
21 work has been completed or not or even undertaken.

22 Q. Okay. So you think it's possible that

1 you have got a million lines in service that have been
2 worked on a manual recall basis?

3 A. I am quite sure that the loop call
4 process is automated.

5 Q. How about the provisioning process?

6 A. I don't know all parts of that and
7 whether or not those have all been automated.

8 Q. Well, then I guess you wouldn't know
9 whether or not those systems would support multiple
10 card ownership, would you?

11 A. I would suspect that they would not.

12 Q. I didn't ask what you suspect,
13 Mr. Ireland. I asked what you know.

14 A. I don't specifically know.

15 Q. Okay. Well, the difference between a
16 single carrier-owned piece of equipment and multiple
17 carrier-owned piece of equipment is the need to track
18 who owns it, right?

19 A. I would expect there would be a whole
20 variety of issues that would come out of that, besides
21 just who owns it.

22 Q. Sure. But isn't that the key difference

1 between a single carrier and multiple carrier
2 environment, who owns X?

3 A. That is a difference.

4 Q. Okay. And if you add OSSs that up until
5 now tracked everything about that equipment except for
6 who owns it and could assign that equipment and so
7 forth and so on, you would need to add to that data
8 base an assignment logic who owns it, right?

9 A. And determine who would manage it, how it
10 would be managed, when the card would be placed, where
11 the card would be obtained from, how the PCNs would be
12 worked, all of the things I just described. I found
13 it's not as simple as the way it may sound on the
14 surface.

15 Q. But you don't know what systems are
16 involved in doing that, right? You just think that
17 those are all a big problem?

18 A. Not specifically.

19 Q. Okay. I guess Mr. Waken or Mr. Mitchell
20 or Mr. Hamilton would know about that in detail?

21 A. I don't know.

22 Q. All right. Let's go back to 27, please.

1 Here at the top of the page you were asked the
2 question is there anything unique about Project Pronto
3 that might factor into the Commission's analysis. Do
4 you see that?

5 A. I do.

6 Q. And the gist of what you are saying if I
7 can paraphrase you is that Pronto is pointed at what
8 you call the mass market by which you mean residential
9 customers and small businesses, right?

10 A. That's correct.

11 Q. That's the unique thing, right?

12 A. That's correct.

13 Q. And then you say cable modem providers do
14 what they do in that market, right, in that mass
15 market?

16 A. Correct.

17 Q. But people like, I guess you mean Rhythms
18 by the other high speed service providers -- Rhythms,
19 Covad and Sprint provide that?

20 A. Typically those other providers of DSL
21 have focused on the business market, yes.

22 Q. You include Rhythms and Covad in that

1 group, right?

2 A. I don't know specifically what each one
3 of them has done, but in general yes.

4 Q. And then you say, I am going to quote you
5 here, "Any of those providers could have made the
6 investment decision to deploy new facilities and
7 equipment to widely serve the mass market but they
8 have not"?

9 A. That is true.

10 Q. Do you mean by that that Rhythms, for
11 example, could have decided to make an investment
12 decision to deploy an overlaid network in Illinois
13 that's equivalent to Project Pronto?

14 A. Or DSL services that would be equivalent
15 or similar to Project Pronto, yes, they could.

16 Q. I agree that that is a logical
17 possibility. Now, I want to have you just briefly for
18 a minute just retire from SBC after 35 years of
19 well-appreciated service, all right. And now you are
20 the chief technology officer of Rhythms, and we will
21 welcome you with open arms. So the question is, you
22 have got to go talk to the board tomorrow and they

1 want to know if they ought to build an overlay network
2 in Illinois for advanced services only to replicate
3 Project Pronto. What's your advice?

4 A. Qwest was able to successfully do that.
5 Also it's difficult for me to know which business
6 cases can be economic and which cannot.

7 Q. Well, you are the CTO of a very large
8 corporation and you think you know a lot about the
9 economics of Pronto, right?

10 A. Yes.

11 Q. Just take your knowledge base and
12 transport it to Denver. Now you are working for
13 Rhythms; you are the CTO. What's your advice to the
14 board? I don't want to hear about Qwest. I want to
15 know what's your advice to Rhythms? Should they
16 deploy an overlay network that replicates Pronto in
17 Illinois or not?

18 A. I think it would depend sort of on what
19 they would deploy and what options are available to
20 them.

21 Q. Okay. Keep going.

22 A. If the option were to buy a broadband

1 service from Ameritech Illinois as a wholesale
2 product, it may be that that's a difficult business
3 case for them to make. But without being able to see
4 the details of what that business case would look
5 like, what equipment they might deploy, there are
6 relatively small DSL multiplexers that you can
7 actually place in the outside plant. You might be
8 able to make, particularly in large rural residential
9 sites, you might be able to make a business case to
10 make that economic. It's not terribly different from
11 what Bell South did.

12 Q. I am asking you, your testimony here says
13 that any of these could have made the investment
14 decision, not to deploy a little DSLAM in some rural
15 town, but to deploy new facilities and equipment to
16 widely serve the mass market. That's your language in
17 your testimony. I am asking you to give Rhythms that
18 advice, whether they should or should not deploy their
19 own overlay network to widely serve the mass market in
20 Illinois.

21 A. If they have an aggressive case, yes,
22 they might be able to make that work. You wouldn't

1 deploy something large on day one. You would deploy
2 something small. But you would grow that technology
3 as you begin to capture market share.

4 Q. That's not wide service; that's baby
5 service, right? That's the little dinky part.

6 A. Everything starts as little dinky
7 service.

8 Q. Except for Pronto, right?

9 A. Pronto had only a few customers on day
10 one as well.

11 Q. And a \$6 million investment?

12 A. We only equip each of these sites for
13 only a certain number of cards as we deploy them to
14 allow us to grow into them.

15 Q. I hear your advice to Rhythms' board as
16 CTO being to over build in Illinois, is that right?

17 A. No, I am not saying that.

18 Q. What is your advice to the board?

19 A. My advice would be they need to study the
20 details of their business plan to determine if an over
21 build is more economic than being able to purchase
22 wholesale services.

1 Q. Okay. Now you are back at SBC. So, you
2 know, on page 20 of your testimony, line 6 through 8,
3 I think we are past this but I want to make sure, you
4 say, "As Dr. Ransom and Mr. Boyer demonstrate, it is
5 not technically feasible because line cards" -- it has
6 company locations " is not technically feasible
7 because line cards from manufacturers other than
8 Alcatel simply will not work with the equipment
9 Ameritech Illinois planned to install." Do you see
10 that testimony?

11 A. Yes, I do.

12 Q. Are you trying to say there that only
13 Alcatel-manufactured line cards will work?

14 A. No, I am not.

15 Q. Alcatel-manufactured cards will work,
16 right?

17 A. Yes, they will.

18 Q. And Alcatel-licensed cards will work,
19 right?

20 A. There are some made under the supervision
21 of Alcatel like a license agreement I would expect to
22 work also.

1 Q. You are aware that Alcatel has licensed
2 the manufacture of line cards to be placed in Litespan
3 2000 and 2012, aren't you?

4 A. I am aware of that on the ATM side. I am
5 not aware of that on the ADSL side.

6 Q. I am just talking -- I am not talking
7 about any particular kind of card. Are you aware that
8 they have licensed the manufacturer of cards to plug
9 into the Litespans that you now deploy?

10 A. Yes, I am aware of that.

11 Q. Now, if Rhythms says I don't want to put
12 anybody else's -- I am not trying to jam somebody
13 else's card in that slot, I want to buy an
14 Alcatel-manufactured or licensed card that will work
15 with your NGDLC equipment, does that remove your
16 concern about line card collo as you express it here?

17 A. Only from the standpoint that typically
18 that line card I expect would work in the Alcatel RT.

19 Q. Fair enough. I know you have other
20 problems with it, but that one issue is then resolved,
21 right?

22 A. Yes.

1 Q. Okay. Then you have a little section
2 here, Unbundled Packet Switch Architecture. I will
3 talk with Mr. Murray in more detail, but you have it
4 at 9 through 12, I think three things that -- you
5 think it's one of these three and they are all bad.
6 It would either be proprietary interface, or virtual
7 interface, or inaccessible interface, at lines 9
8 through 12, right?

9 A. Yes, I see that.

10 Q. On a proprietary one, I guess my question
11 is so what? If we buy an Alcatel card and we pay
12 money for it and we don't violate their initial
13 property rights, can't we own a card if we follow
14 their rules?

15 A. Technically that card would work in the
16 Alcatel slot.

17 Q. And then virtual you say -- and this is
18 not subject to physical access by a CLEC. Don't we
19 get physical access to our bit stream at the OCD with
20 a DS3 or OC3C cross connected to our collo?

21 A. The issue I was trying to
22 identify here was, for virtual circuits or for virtual

1 paths, there is isn't a specific point of
2 interconnection. There isn't a specific defined point
3 where you could interconnect with those and buy
4 something that frankly would be useful. They are
5 virtual in nature. They are not physical in nature.

6 Q. Isn't the point that we need to connect
7 to get those PVCs and PVPs to the OCD?

8 A. If you connected at the back side of the
9 OCD.

10 Q. Yeah, port.

11 A. You could in fact buy a PVC or PVP that
12 would go through and to and through the Alcatel RT
13 site. That is the broadband service. And it was one
14 of the reasons that we offered it in a wholesale way
15 as an integrated whole. Basically, because that PVC
16 or PVP is integrated and does go hand-in-hand just as
17 you described.

18 Q. I thought the broadband service went from
19 the OCD to the customer premise?

20 A. It does.

21 Q. You just said it went through the OCD to
22 the RT?

1 A. It goes through the RT and it goes to the
2 customer's premise.

3 Q. I just want to buy an integrated piece
4 that consists in plain language of the fiber and the
5 electronics at each end. In this case it's the NGDLC
6 functionality that creates and manages the PVCs and
7 PVPs. And the Cisco 6400 and the OCD in the central
8 office, it doesn't say anything at that end. I don't
9 want to buy just the fiber. I want to buy a PVP or a
10 PVC. I want a fiber system. That's my fiber subloop.
11 Can I have that?

12 A. I would tell you that's a different sort
13 of design than what I believed was required or wanted
14 when we said I want to unbundled a PVP or a PVC. You
15 bundled it now with a number of other elements that
16 make up most of the broadband service.

17 Q. Well, you can't talk about a PVC or a PVP
18 unless you talk about the two end points that create
19 and manage that PVC or PVP, right? The ATM network
20 devices, in this case the OCD and the NGDLC, that's
21 what creates and manages these, right?

22 A. It goes through many of those.

1 Q. Well, if you want to create an ATM
2 network, yeah. But this chunk that we are talking
3 about here, doesn't it consist of a device at the RT
4 and a device in the central office with fiber between
5 those, and that's -- you create the PVCs and PVPs on
6 that fiber system using the boxes at both ends, right?

7 A. This virtual circuit or virtual channel,
8 I believe, actually goes all the way to the customer
9 prem, although I am not actually the technical expert
10 in that particular segment. So you are really looking
11 at a private virtual circuit that essentially is the
12 end-to-end path. That is the broadband service.

13 Q. Well, actually, isn't it the case that
14 once you get to the copper, it's not a virtual
15 circuit, it's a physical path, it's the copper loop?

16 A. I am not sure.

17 Q. Well, let's think about an all copper
18 loop from the premises to the central office. Is that
19 a virtual path?

20 A. I am saying there is an open interface
21 there.

22 Q. I am asking you a question. Is an all

1 copper loop from the premises to the central office a
2 virtual path or a physical path?

3 A. It is a physical path.

4 Q. When you are on copper and it is not a
5 paradigm system, it's a physical path, right? It's a
6 one-for-one physical path, right?

7 A. Yes, but you could have many PVCs on that
8 copper pair.

9 Q. Sure, using the DSL functionality, right?

10 A. Yes.

11 Q. All right. But if I tell you that what I
12 want for the fiber subloop is a PVC and a PVP and/or a
13 PVP between the OCD port handoff and the card slot,
14 does that help you any? Can I have that?

15 A. I think if you are talking about what I
16 am going to call the northbound interface of the OCD
17 which is an ATM switch and running that PVC all the
18 way through as far as that PVC would have to go, there
19 would be different PVCs on the copper pair that would
20 deal with different services that might be on the
21 copper pair. So you could have multiple PVCs. That
22 is the broadband service. That is the integrated

1 broadband service that we have agreed to wholesale.

2 Q. Mr. Ireland, your customers are telling
3 you they don't want the whole subloop. They want
4 UNEs. They want to get to the UNEs by plugging in the
5 card the Commission ordered. Can we do that?
6 Technically, can we do that? Can we take the card,
7 plug it in there, and access a copper subloop and a
8 PVC/PVP fiber loop?

9 A. I am saying independently, if you take
10 any of those piece parts and separate those piece
11 parts out, then I am believing no, because you have
12 wound up cutting the private virtual circuit that is
13 an end-to-end path through that network?

14 Q. I plugged the card in. I didn't cut
15 anything.

16 A. But we were talking about can you
17 unbundle a PVC or a PVP, and I am simply stating that
18 that actually is a terminology that goes through the
19 broadband services network. The PVCs are the
20 broadband service. So it's not clear to me how you
21 would unbundle it, what you would connect it to and
22 how you might use it in an unbundled way, given that

1 it is in fact virtual in nature. It isn't a physical
2 path. Yes, it rides a physical path. But it itself
3 isn't a physical path, and it actually encompasses the
4 entire broadband service design.

5 Q. Okay. Maybe I am not being clear. I
6 thought we were okay with me defining that what we
7 want is a fiber subloop UNE and a copper subloop UNE
8 that we access by plugging in the card which creates
9 the same virtual circuits and virtual paths and
10 everything else as an end-to-end wholesale broadband
11 service does, isn't that the case?

12 A. I am not seeing how you would do that,
13 given that the virtual circuit is an end-to-end path
14 and can't be broken up.

15 Q. I am not breaking it up. I am plugging
16 the card in so that it is not broken.

17 A. So you are just saying of this completely
18 integrated circuit, I want to buy it in three parts
19 but I don't want it unbundled.

20 Q. No, I want to buy it in two parts and
21 plug my card into it.

22 A. I don't understand that.

1 Q. Which part don't you understand?

2 A. I don't understand how you can unbundle
3 it and get value out of it when in fact the virtual
4 circuit goes through that entire process.

5 Q. Have you ever heard of the UNE platform?

6 A. I am not sure.

7 Q. Let me try this. Do you know whether or
8 not Ameritech Illinois and other SBC ILECs now sell
9 something that may be known as the UNE platform which
10 consists of an existing in-service retail service
11 which is simply not touched at all physically but is
12 sold to AT&T or MCI as UNES?

13 MR. BINNIG: So does it include all the
14 network elements running from the central office to
15 the end user premise?

16 MR. BOWEN: I get to ask the questions; not
17 you.

18 MR. BINNIG: Well, then I will object to the
19 vagueness of the question.

20 JUDGE WOODS: Do you understand the question?

21 THE WITNESS: I don't know.

22 Q. You never heard of the UNE platform?

1 A. I am not sure if I have, no.

2 Q. All right. Well, let's say it consists
3 of -- let's say that you are a retail customer of SWBT
4 in Texas. That's probably a fact, right?

5 A. Yes.

6 Q. You had to think about that for a minute?

7 A. I get the service for free.

8 Q. You are thinking about switching, aren't
9 you? All right. So you get local, you get long
10 distance from your choice of long distance carriers,
11 right?

12 A. I do, yes.

13 Q. Now, AT&T wants to buy your current
14 service as UNEs. What I want to tell you is they can
15 do that using what's called the UNE platform which
16 consists of an unbundled local loop, local switching
17 and local transport. But your service isn't touched.
18 The bill is changed to bill AT&T for what you get
19 right now as UNEs instead of billing you as a retail
20 service. And AT&T bills you. Can you assume that
21 paradigm with me?

22 A. For that service, sure.

1 Q. Now, can I do that with Project Pronto
2 where you own the copper subloop, the line card and
3 the fiber PVC between the NGDLC and the OCD?

4 A. Owning all that is the broadband service.

5 Q. No, I have said -- I am asking you -- I
6 know it's the broadband service, Mr. Ireland. We
7 don't want broadband service. We want the UNEs. Can
8 I buy a UNE platform on your loop plan?

9 A. In the manner that's been described and
10 how it would work, what's been required of us relative
11 to unbundling that, even though technically I could
12 say to you divide all this up and separate it, I don't
13 know how to physically do it.

14 Q. I am not asking you to separate it. The
15 UNE platform means you don't separate it, by
16 definition. I want you to leave it in place and sell
17 it to me as UNEs. Will you do that? Don't touch it.
18 Don't unbundle it. Don't do anything physically.
19 Sell it to me as UNEs.

20 A. I don't know.

21 Q. Okay. Now, we can talk about the
22 wholesale broadband service for a moment. On page 32

1 and 33, 32 at the bottom, you are talking about what
2 you are willing to offer in terms of wholesale
3 broadband service duration, are you not?

4 A. Yes.

5 Q. And you are offering up here roughly
6 three years under Assumption Number 2 on line 3,
7 right?

8 A. Yes, I am.

9 Q. And that's the longest it could be under
10 your 1, 2, 3 rules, right?

11 A. Actually, the way we have tried to word
12 this is that is the length of time that we would offer
13 under any of these scenarios, other than the third
14 one. So it could be shorter in the event of the third
15 one.

16 Q. Sure, but that's the longest one, October
17 of 2004?

18 A. Yes, that is the longest but that is in
19 fact what we are offering, unless Item 3 were to
20 occur.

21 Q. Okay, fair enough. Will you commit to
22 offering Rhythms the wholesale broadband service for

1 as long as Rhythms wants to buy the service?

2 A. Up until October 1, 2004, I will.

3 Q. Well, Rhythms doesn't plan to be in
4 service for three years on the wholesale broadband
5 service and then vaporize three years from now. That
6 wouldn't make any sense, would it?

7 A. I don't know if it would, not seeing
8 their service plan.

9 Q. You think it would be a good business
10 plan to go over the cliff three years from now on
11 purpose?

12 A. I would expect not under those terms.

13 Q. So what kind of certainty can you offer
14 anybody who might desire to consider this option
15 beyond three years from now?

16 A. I can't offer any certainty beyond three
17 years. Three years is a fairly long time. It is not
18 inconsistent with, when I buy components for my
19 business cases, the kinds of contracts and agreements
20 I sign for those particular capabilities.

21 Q. So you are saying that it's possible that
22 three years and a day from now you could choose to

1 withdraw the wholesale broadband service?

2 A. I could, yes.

3 Q. And if Rhythms takes your consistent
4 offer of the wholesale broadband service and puts all
5 things in that basket and three years and a day from
6 now you withdraw the service, where is Rhythms?

7 A. Rhythms would have to look for different
8 alternatives or it may be that we would offer the
9 service under different terms and conditions. That
10 might be likely. Things change over a period of time.
11 This marketplace is moving very, very quickly. And
12 what I am not willing to do is commit to all of the
13 terms and conditions of a service like this for a
14 period of time longer than three years. I think in a
15 very volatile market and a very competitive market,
16 three years is actually quite a long time. This
17 arrangement shares the risk between us as the
18 wholesale provider and other CLECs as the retail
19 provider.

20 Q. Well, sitting here today and knowing what
21 you know about network technology, if what I asked you
22 to assume hypothetically comes to pass, what other

1 options does Rhythms have if you withdraw the service
2 for continuing the service to its existing customer
3 base?

4 A. If I withdrew the service, it would have
5 to build its own. But at the same time, to the degree
6 the terms and conditions are changed, perhaps a more
7 likely scenario, they would have options to be able to
8 work with us in those new terms and conditions.

9 Q. All right. Now, UNEs are different than
10 this, aren't they? You can't say, okay, I will give
11 you UNEs until October 1 of 2004 and that's it?

12 A. I don't know the final sunset time for
13 UNEs, but my understanding is they do go out longer
14 than that three-year period.

15 Q. You aren't aware of any sunset time for
16 UNEs, are you?

17 A. No, I am not.

18 Q. So as long as I had a UNE, I can use it
19 to provide service to my customers, isn't that right?

20 A. I would expect that to be true, yes.

21 Q. If I want to be in service longer than
22 three years from now, I get Pronto as UNEs, I can keep

1 on using those Pronto-based UNEs for as long as I want
2 to, isn't that right?

3 MR. BINNIG: I will object that it calls for
4 a legal conclusion.

5 MR. BOWEN: I am asking for a lay witness'
6 understanding.

7 MR. BINNIG: I will object on relevance
8 grounds then.

9 JUDGE WOODS: Overruled.

10 A. I don't know.

11 Q. You don't know if I can keep using UNEs
12 or not?

13 A. I don't know how long you could keep
14 using those UNEs.

15 Q. Well, you said you are not aware of any
16 limitations on the duration of those, isn't that
17 right?

18 A. I am unaware of any, that is correct.

19 Q. Now, if I get Pronto -- I am sorry, if I
20 get the wholesale broadband service you are offering
21 me, what, unspecified bit rate PVCs?

22 A. Currently we offered an unspecified bit

1 rate PVC and we also offer a CBR service as well.

2 Q. And UBR PVCs are good for internet
3 access, right?

4 A. All sorts of data applications.

5 Q. They are pretty good for voice, are they?

6 A. Depends on how you engineer them.

7 Q. Is SBC able to engineer UBRs for regular
8 POTS quality voice?

9 A. It depends on again on what the
10 application and use is, but it's often difficult.

11 Q. Nobody has done that, have they,
12 Mr. Ireland? Nobody can take a UBR and make it a POTS
13 quality voice service?

14 A. Well, in fact, the entire internet when
15 you think of voice over the internet tends to be UBR
16 quality service.

17 Q. Right, but is it regular circuit switch
18 voiced quality?

19 A. It depends on how you engineer it and
20 which leg you get on.

21 Q. You heard the term latency?

22 A. I have.

1 Q. What does that mean in a UBR world?

2 A. Latency tends to mean how much delay is
3 actually in the path.

4 Q. And is it important to have latency at
5 least be constant, if you are trying to achieve a
6 voice quality signal?

7 A. I don't think constant is necessarily as
8 important as low.

9 Q. And do you think UBRs provide either
10 constant or low latency?

11 A. They can if they are over-engineered.

12 Q. So I guess you will be recommending that
13 we use your UBR PVCs for voice-over DSL, right?

14 A. No, I typically would not do that.

15 Q. Why not?

16 A. Because it is difficult to over-engineer
17 them.

18 Q. You will probably use CBR, right?

19 A. I would.

20 Q. So you would offer a CBR option on the
21 wholesale broadband service as well, right?

22 A. That is correct.

1 Q. What is that? 96 kilobits per second?

2 A. That's correct.

3 Q. What does that get you? Two voice
4 channels?

5 A. It actually gets you one voice channel.

6 Q. One voice channel. You are not aware of
7 any technical limitation on the hardware?

8 A. Can I go back on that? I misspoke. It
9 gets you 164 kilobit voice channel. So to the degree
10 that you want to use lower kilobit services to be able
11 to provide multiple voice channels, it would be
12 capable of providing several voice channels.

13 Q. Are you trialing a 248K voice channels at
14 TRI?

15 A. I don't know the specific rate.

16 Q. But you are not aware of any technical
17 limitation on your equipment in Pronto that would
18 preclude the offering of a higher capacity CBR, are
19 you?

20 A. No, I don't believe there is a technical
21 limitation.

22 Q. So it's your choice in offering a

1 wholesale service to limit the CBR to 96 kilobits per
2 second, right?

3 A. It's our choice, yes.

4 Q. And it's your choice to offer only UBRs
5 and CBRs, right?

6 A. I don't believe there is another
7 alternative quality of service currently available on
8 the platform. I don't know. Don't think so.

9 Q. Okay. Standard ATM technology support
10 all five DOS classes, doesn't it?

11 A. I don't know what exactly is supported on
12 all the different vendors' technologies. There are
13 about four or five classes that have been defined. My
14 belief is that this platform only supports the two I
15 have just described at this time.

16 Q. Are the four or five unspecified bit
17 rate, constant bit rate, variable bit rate, real time
18 variable bit rate, non-real time variable bit rate?

19 A. Sounds right, but I am not sure.

20 Q. Are all five of those standard offerings
21 of ATM network device providers?

22 A. No, not necessarily to the best of my

1 knowledge.

2 Q. All right. With a UNE, isn't one of the
3 things I can do with a UNE is to use it for its full
4 functionality as supported by your network?

5 A. I am sorry. Say that again, please.

6 Q. I am trying to contrast the wholesale
7 broadband service, especially the CBR limit. If I
8 have UNEs, I am not limited to what you might choose
9 to offer through your retail sub, right?

10 A. I don't know. I haven't thought about
11 that.

12 Q. Now, if I get UNEs, those are required to
13 be priced at TELRIC, are they not?

14 A. Yes, they are.

15 Q. And I think you have made some kind of
16 commitment to price the wholesale broadband service at
17 TELRIC as well, is that right?

18 A. For the three-year period described, yes,
19 we have.

20 Q. For the three-year period. What about
21 beyond the three-year period?

22 A. It depends on what the marketplace looks

1 like beyond the three years. Again this is entering a
2 competitive market. I don't know what competitors
3 will do in this market and, therefore, I have to be
4 able to look out for whether or not when I offer a
5 wholesale product, I offer a wholesale product that's
6 competitive in this marketplace. It is not clear to
7 me at the end of three years what competition will do
8 and, therefore, what this platform needs to look like,
9 what it needs to offer, and at what price points three
10 years hence.

11 Q. All right. It's possible, I guess, from
12 what you just said that you might decide to continue
13 to offer the wholesale broadband service but you will
14 just raise the prices, right?

15 A. I could raise them. I could lower them.
16 It depends on what competition does in the
17 marketplace.

18 Q. But you would not maintain any kind of
19 TELRIC benchmark ties after three years, right?

20 A. I am not committing to what the price
21 point would be, that's correct.

22 Q. Well, no, that wasn't my question.

1 Whatever the price point might be based on TELRIC, you
2 are not committing to TELRIC itself beyond the three
3 years?

4 A. That's true. I am not at this point.

5 Q. All right. Isn't it true that I can
6 arbitrate against you all under the Telecom Act if I
7 have UNEs?

8 A. I believe so.

9 Q. Can I do that with a wholesale broadband
10 service?

11 A. I don't honestly know.

12 Q. Under rebuttal testimony at page 2 you
13 say that -- at the bottom of the page you say that the
14 CLECs argue that Mr. Keown assumed a worse case
15 scenario, do you see that?

16 A. Yes, I do.

17 Q. But you don't say whether you agree with
18 that or not. Do you think he assumed a worse case
19 scenario?

20 A. Not necessarily, no.

21 Q. What could be worse than what Mr. Keown
22 assumed in the areas that he covered?

1 A. In the areas that he covered?

2 Q. Yeah.

3 A. It's possible under some circumstances
4 that some of the PVP requirements or PVC requirements
5 might actually deliver a higher cost than what he
6 estimated. I would tell you in just deploying the RT
7 sites and broadband services, we have exceeded our
8 estimates on what our costs are for being able to do
9 such a deployment by a fairly sizable amount.

10 Q. So you don't think Mr. Keown used current
11 deployment costs in his roll out?

12 A. Current deployment costs, probably.

13 Q. So then that's not an issue?

14 A. I don't know what those costs would be
15 going forward. The costs could be higher.

16 Q. Now, you are aware, I take it, from
17 reading Mr. Keown's testimony that the current
18 software release of the Alcatel Litespan platform that
19 is release 10.2 only supports one PVP per channel bank
20 assembly?

21 A. I didn't know that specifically. I may
22 have misspoke. You said PVC?

1 Q. PVP.

2 A. Yes, I do know that.

3 Q. Okay. And do you understand that to be
4 the basis for Mr. Keown's assumption that as soon as a
5 CLEC requests what this Commission granted which is a
6 PVP, it would by definition then occupy the entire
7 capacity of a single channel bank assembly?

8 A. Yes, that is my understanding.

9 Q. Now, are we talking snapshot or movie
10 here, Mr. Ireland?

11 A. If the question is in time is it likely
12 that there might be two PVPs as an example offered for
13 one of those channel banks, it is my understanding
14 that there is development work going on to look at
15 that option.

16 Q. In fact, isn't the very next release of
17 the systems software from Alcatel as release 11 going
18 to support multiple, a number I can't give on the open
19 record, PVPs per channel bank assembly?

20 A. I don't know the precise number, but I
21 know that they are working on more than one.

22 Q. Let's assume that it's more than 50.

1 Just assume that with me, okay. Can you assume that
2 with me?

3 A. Sure.

4 Q. If you can get 50 instead of one
5 hypothetically, what happens to Mr. Keown's analysis?

6 A. I would expect that his analysis would
7 cost less.

8 Q. If you could get 50 instead of one and
9 you had Rhythms and Covad and Sprint, and each of them
10 wanted a couple of PVPs per channel bank assembly,
11 that would be six, right?

12 A. Yes.

13 Q. And that would leave 44 in my
14 hypothetical example, right?

15 A. Yes.

16 Q. So you wouldn't need a whole new RT to be
17 built when I ask for two, right?

18 A. Depends.

19 Q. You would never need it, would you?

20 A. Depends.

21 Q. In my hypothetical, I am asking for two
22 out of 50, would you ever need to build another RT to

1 satisfy that demand?

2 A. I might. It depends on the engineering.
3 So I don't know what's associated with a particular
4 PVP. If a particular channel bank was near capacity
5 and the last few actually took up slots in that
6 channel bank that I had as the only slots remaining to
7 grow into or as growth slots, I could prematurely
8 exhaust the channel bank. I don't know how that's
9 going to be engineered. Again, this is the issue
10 around risk.

11 Q. Okay, fair enough. You are aware that
12 Alcatel supports daisy-chaining of channel bank
13 assemblies?

14 A. Yes, I am.

15 Q. How many do they support, do you know?

16 A. No, not specifically.

17 Q. Let's assume hypothetically it's more
18 than 30. Can you assume that with me?

19 A. I don't think it's near that many, but
20 okay.

21 Q. Well, when we have the documents, we will
22 deal with Mr. Keown on this. I don't want to go on

1 the closed record unless I need to be, so I want you
2 to assume with me that it's more than 30. Okay, it's
3 more than 20. Do you know what SBC's current Project
4 Pronto loop deployment guidelines call for as the
5 maximum number of CBAs that can be daisy-chained in
6 Project Pronto?

7 A. No, I don't recall.

8 Q. Do you have any idea at all?

9 A. No.

10 Q. Do you think it's one of the guidelines?

11 A. Yes.

12 Q. Do you think it's changed in a downward
13 fashion over the last six months?

14 A. Don't know, but it might have.

15 Q. We have that document as well. We will
16 mark that later on as well. Do you know if it's less
17 than the capacity of the Litespan support?

18 A. I am not sure I understand the question.

19 Q. Well, if you think it went down from
20 point A to point B in the last six months, when it was
21 at point A do you know whether or not it was at the
22 Litespan supported capacity of daisy-chained CBAs or

1 not?

2 A. No, I don't.

3 Q. All right. It's possible to undaisy
4 chain CBAs, isn't it?

5 A. Difficult but not impossible.

6 Q. And then each CBA that's undaisy chained
7 would have its own two-fiber system going back to the
8 ATM cells, right?

9 A. I don't recall the number of fibers but.

10 Q. Let's assume it's two.

11 A. All right.

12 Q. Do you think it's smart to deploy
13 unprotected fiber systems to carry ATM cells?

14 A. Say it again, please.

15 Q. You have heard of protected fiber versus
16 unprotected fiber, have you not?

17 A. Yes, I have.

18 Q. So protected is four fibers and two is
19 unprotected, right?

20 A. Yes.

21 Q. Do you think it's good practice to deploy
22 unprotected fiber systems?

1 A. I don't recall what's actually written in
2 the guidelines. Typically, what we have done is we
3 have protected the portion that's on the voice side;
4 not necessarily protected the portion that is on the
5 data side.

6 Q. Okay. Let's assume that that's the case.
7 So you need two fibers then for the ATM bit stream,
8 right?

9 A. I don't know. I am losing the sort of
10 train of thought relative to --

11 Q. One channel bank assembly, not
12 daisy-chained, driving a two-fiber system back to the
13 OCD, okay?

14 A. Okay.

15 Q. You have got 155 megabits a second on the
16 OC3, right?

17 A. Correct.

18 Q. If I wanted, say, one five megabit PVP at
19 a UBR and one five megabit PVP at a CBR, that would be
20 ten megabits, right?

21 A. Yes.

22 Q. And if Covad wanted it too, that would be

1 20 megabits total, right?

2 A. Yes.

3 Q. And if Sprint wanted the same thing, that
4 would be 30 megabits, right?

5 A. Yes.

6 Q. Six PVPs, five megabits apiece?

7 A. Yes.

8 Q. That still leaves, knocking off the
9 overhead, what, a hundred megabits per UBR?

10 A. On the fiber channel alone?

11 Q. Yes.

12 A. Yes.

13 Q. That's not capacity exhaust, is it?

14 A. My belief is on some of the technology
15 inside the RT site -- again I am not the technical
16 expert inside the RT -- there are limitations on how
17 much band width you can get on any one customer or
18 group of customers, particularly in the upstream
19 direction. So there are engineering limitations
20 inside the platform, while I don't have the details of
21 all of those that go beyond the aggregate bandwidth
22 that's actually on the fiber going back to the central

1 office.

2 Q. Well, let's assume that the manufacturer
3 supports all 56 slots in an ADLU channel bank with
4 full rate ADSL service. Will you assume that for me?

5 A. Well, I have got enough assumptions on
6 here that I don't know where reality is any more.

7 Q. You think that's an unreal assumption, is
8 that your testimony?

9 A. I don't know.

10 Q. Do you think it's an unreal assumption?

11 A. I don't know.

12 Q. Okay. Shall we ask Mr. Keown those
13 questions?

14 A. I don't know if he will know those or not
15 either.

16 Q. Isn't that kind of a basic engineering
17 level set of knowledge to have about what this thing
18 can or can't do?

19 A. I don't know if Mr. Keown will know it at
20 that level or not. I am just not sure.

21 Q. Well, you better know that before you
22 know whether you are going to exhaust or not?

1 A. What we are getting to is the technology
2 inside the RT site?

3 Q. Right.

4 A. Keown may know that. Certainly we have
5 engineers, either in our organization or in the
6 supplier's organization, that will have such
7 knowledge.

8 Q. All right. All right. But you need
9 somebody to know that before you could conclude you
10 are going to exhaust capacity, right?

11 A. You would need to know that, yes.

12 Q. What you are saying is there is a lot of
13 possible choke points for capacity exhaust, right?
14 One is the card, individual card toll capacity in the
15 CBA, right, that's one possible point if I hear you
16 right?

17 A. Capacity on the card, correct.

18 Q. One is the capacity on the fiber system
19 going back, the C03C?

20 A. I expect that is one, too.

21 Q. One is the OCD, right?

22 A. I expect that's one, too.

1 Q. Now --

2 A. I expect there are others.

3 Q. What are they?

4 A. I am not sure I can tell you all of them.

5 Q. Can you tell me any of them?

6 A. I think that there are capacity
7 constraints in the back point interface between the
8 line card and the fiber connection going back to the
9 CO.

10 Q. And what's that capacity constraint?

11 A. My belief is it's about four megabits per
12 line card, but again I haven't looked at this in a
13 very long time.

14 Q. All right. Well, you and the other
15 witness talk about all these choke points, don't you,
16 that I just mentioned?

17 A. Yes, we did.

18 Q. Well, in fact Mr. Murray talks about OCD
19 exhaust, doesn't he?

20 A. I don't specifically recall.

21 Q. There is no engineering rule that says
22 you can't put in more than one OCD, is there?

1 A. You can add OCDs in the central office.
2 It drives additional cost.

3 Q. And do you know how many individual
4 configurations, base line configurations, were assumed
5 in Project Pronto for OCDs?

6 A. No, I don't.

7 Q. Do you know if any of those base line
8 assumptions of installing OCDs have involved more than
9 one?

10 A. I do know that we have applications that
11 do take more than one OCD, yes.

12 Q. Do they take more than two in a base line
13 initial configuration?

14 A. I don't recall.

15 Q. If I saw something about that in your
16 deployment guidelines, I should trust what I saw
17 there, right?

18 A. I expect so. I don't know when they had
19 it updated most recently.

20 Q. Now, what do you mean on the bottom of
21 page 3 when you say on line 22 that you have incurred
22 additional costs of several hundreds of millions of

1 dollars for Huts and CDBs and for deployment of OCDs.

2 I thought OCDs were going to be deployed anyway?

3 A. The OCDs that were going to be
4 deployed...

5 Q. Right.

6 A. ..Were actually an integrated OCD that
7 was part of Alcatel's design for the central office in
8 Project Pronto. They wound up not being able to do
9 cell partialing and cell packing which was a
10 requirement of the Pronto Waiver Order from the FCC.
11 That requirement drove us to a much more costly OCD.
12 These are the price points for those more costly OCDs.

13 Q. So what were you going to do? Were you
14 going to deploy not a routing device which is what the
15 OCD is, but an integrated ATM network, or is the
16 device in the central office simply one node on an ATM
17 cloud?

18 A. I have forgotten the architecture at that
19 point in time. I can't recall.

20 Q. Doesn't that sound right to you?

21 A. Not necessarily. I just can't recall.

22 Q. What -- how would you have done things

1 differently if you didn't have to do the cell
2 partialing and cell packing?

3 A. We would not have provided this service
4 to multiple ISPs under those circumstances.

5 Q. A single ISP that might be, say, Pacific
6 Bell Internet Services in California?

7 A. Or at home.

8 Q. But it could have been an SBC entity ,
9 right?

10 A. It could have been, yes.

11 Q. But it would have been only one, right?

12 A. It could have been only one, yes.

13 Q. And you view that as a burden that was
14 associated with the demands of the CLECs?

15 A. No, it's a burden that is different from
16 that of the competitors with which I compete on this
17 technology and which CLECs compete on this technology.

18 MR. BOWEN: Okay. Your Honor, I have one
19 more document that I would like Mr. Ireland to take a
20 look at. It's an Alcatel document. So can I go off
21 the record while I show it to counsel for Alcatel and
22 see how she feels about that?

1 JUDGE WOODS: Yes, you may.

2 (Whereupon there was then had
3 an off-the-record
4 discussion.)

5 MR. BOWEN: Your Honor, I think we need to go
6 on the sealed record for this pursuant to my
7 discussion with counsel.

8 JUDGE WOODS: For what purpose?

9 MR. BOWEN: This is Alcatel's notes of a
10 meeting that reportedly was with Ross Ireland, this
11 gentleman, in Petaluma, California, on February 29,
12 2000. I need to ask him questions about this, but I
13 can't do it on the open record pursuant to Alcatel's
14 position.

15 JUDGE WOODS: Okay, what is it?

16 MR. BOWEN: I need to ask him if it is
17 accurate since this reports on actions from his
18 meeting.

19 JUDGE WOODS: You just want to have him read
20 this and ask if this accurately reflects the meeting?

21 MR. BOWEN: No. I need to ask what some of
22 these things mean as well.

1 JUDGE WOODS: Okay. Well, before we get
2 started on this, where are we at on getting this
3 witness wrapped up for you?

4 MR. BOWEN: This is my last set.

5 JUDGE WOODS: Is anybody else going to have
6 cross? How much?

7 MR. SCHIFMAN: Given the extent so far,
8 probably an estimate of half an hour to 45 minutes.

9 JUDGE WOODS: We will finish up with
10 Mr. Bowen and start up in the morning then.

11 I instruct the court reporter at this
12 time to close the public transcript and to begin in
13 camera proceedings.

14 MS. MANN-STADT: Your Honor, there are many
15 people in the room who have not signed a proprietary
16 agreement.

17 JUDGE WOODS: Thank you for reminding me of
18 that. I would also instruct anyone in the room who
19 has not signed or is subject to a proprietary or
20 confidentiality agreement, please exit the premises
21 and go stand outside. We will know you are gone
22 because you will be wet when you come back in.

1 (Whereupon at this point the
2 parties agreed the
3 proceedings would be
4 considered proprietary and
5 are contained in the separate
6 in camera transcript.)

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1 CONTINUATION OF PROCEEDINGS

2 JUDGE WOODS: We are back on the record. We have
3 agreed to break the hearing today. Resume at 9:00
4 o'clock on July 18 for additional cross examination
5 of Mr. Ireland.

6 Mr. Bowen, at this time I understand you
7 want to move your exhibits.

8 MR. BOWEN: Yes, Rhythms would move what's been
9 marked as Rhythms Rehearing Cross Exhibits 1, 2P, 3P
10 and 4P.

11 JUDGE WOODS: I think those are actually marked
12 Rhythms Rehearing Ireland Cross Exhibits 1 through
13 4P. Any objections? Documents are admitted without
14 objection.

15 MR. BINNIG: Let me get this straight. Is it --
16 did you say 1P.

17 MR. BOWEN: No, one.

18 MR. BINNIG: One is the press release, the news
19 release, and 2P and 3P and 4P?

20 JUDGE WOODS: Yes.

21 MR. BINNIG: Well, we actually do have an
22 objection on 3P. And the objection really is on

1 relevance grounds. It may just go to the weight, but
2 there are no Ameritech Illinois specific numbers in
3 this document that I am aware of.

4 MR. BOWEN: Well, of course, there are not, Your
5 Honor. This document, as the witness testified, was
6 created at a time before the merger closed between
7 SBC and Ameritech. Nevertheless, this is the same
8 document that the board used in part to approve
9 Project Pronto. The witness testified that the
10 October 18 document simply added in Ameritech to that
11 mix without changing the basic thrust identified
12 therein. So it's relevant to show that, even after
13 acquiring Ameritech, SBC proceeded with its planned
14 Pronto selection.

15 MR. BINNIG: All you need for that is the October
16 8 document. I don't know why you need -- I still
17 don't see the relevance of the earlier document.

18 MR. BOWEN: Again, I thought we were trying not
19 to go in the sealed record and talk about a lot of
20 numbers. This is the business case document that
21 sits behind the investor briefing. It has the
22 detailed roll out. This is the one called Loop

1 Infrastructure and VTOA (Voice Trunking over ATM).
2 This is the business case that sits behind the public
3 documents.

4 MR. BINNIG: This is the original business case,
5 pre-Ameritech. We already have a separate exhibit
6 which is the October 8, 1999, document which includes
7 the Ameritech add-in which serves as the basis for
8 the investor briefing. In fact, it says on the front
9 page "Draft support for investor briefing development
10 only."

11 JUDGE WOODS: So your objection is essentially
12 it's accumulative?

13 MR. BINNIG: My objection to the earlier document
14 is its relevance.

15 JUDGE WOODS: Okay. We will admit 1 through 4,
16 and I will take 3 under advisement and look at it
17 over the break this evening.

18 (Whereupon Rhythms Rehearing
19 Ireland Cross Exhibits 1, 2P
20 and 4P were admitted into
21 evidence.)

22 Okay. We will continue this cause to 9:00

1 a.m. on July 18.

2 (Whereupon the hearing in this
3 matter was continued until
4 July 18, 2001, at 9:00 a.m. in
5 Springfield, Illinois.)

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1 STATE OF ILLINOIS)
)SS
2 COUNTY OF SANGAMON)
CASE NO.: 00-0393 On Rehearing
3 TITLE: ILLINOIS BELL TELEPHONE COMPANY

4 CERTIFICATE OF REPORTER

5 We, Cheryl A. Davis and Carla J. Boehl, do hereby
6 certify that we are court reporters contracted by
7 Sullivan Reporting Company of Chicago, Illinois; that
8 we reported in shorthand the evidence taken and
9 proceedings had on the hearing on the above-entitled
10 case on the 17th day of July, 2001; that the
11 foregoing pages are a true and correct transcript of
12 our shorthand notes so taken as aforesaid and contain
13 all of the proceedings directed by the Commission or
14 other persons authorized by it to conduct the said
15 hearing to be so stenographically reported.

16 Dated at Springfield, Illinois, on this 18th day
17 of July, A.D., 2001.

18

19

20 Certified Shorthand Reporter

21

22